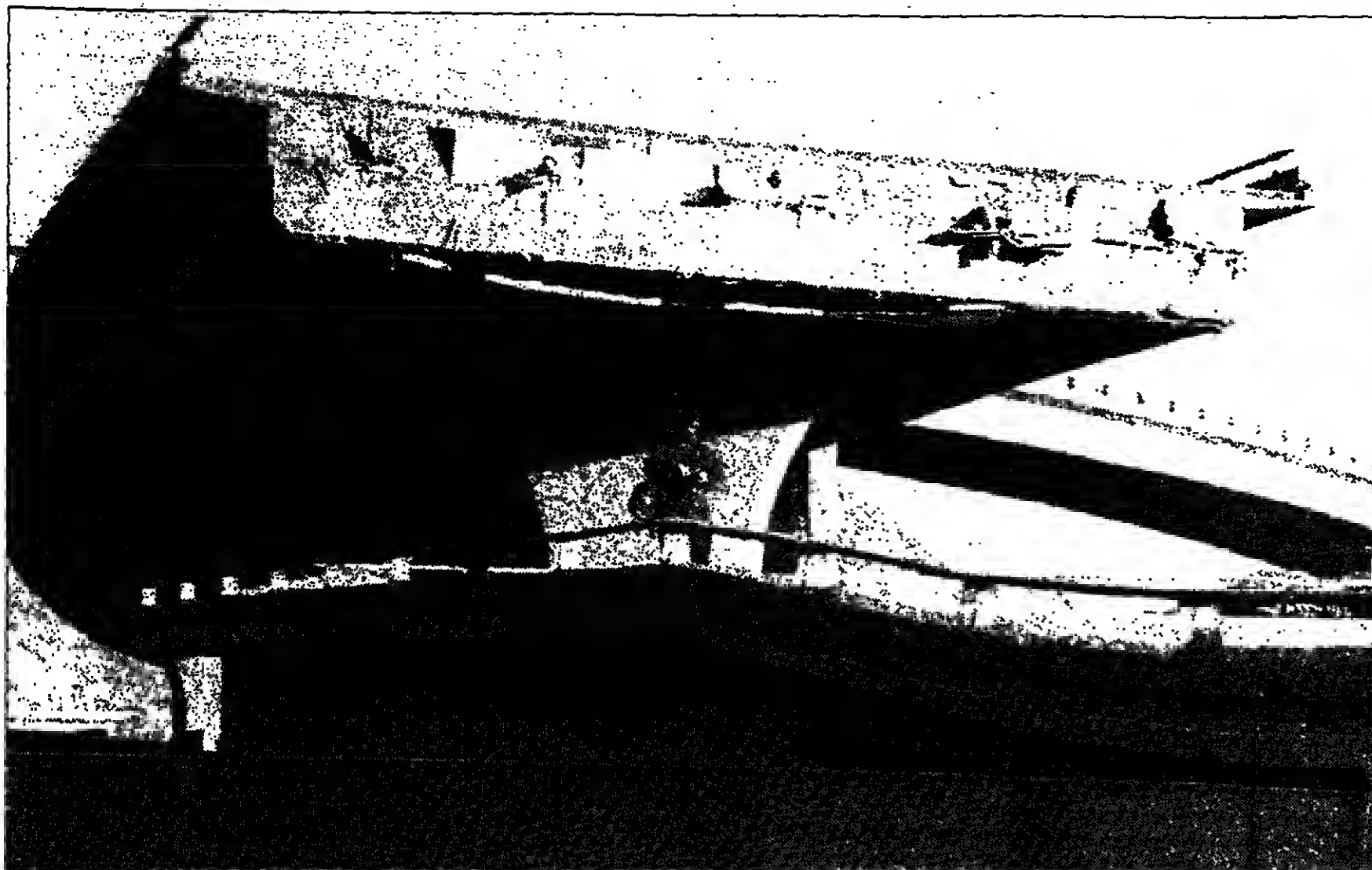


Los Angeles in Shock After Devastating Quake



A motorcycle policeman was killed Monday when his cycle flew off the edge of this collapsed freeway in Sherman Oaks, California. Several cars were damaged in the collapse.

Temblor Measures 6.6; Freeways Are Crumpled

By Paul F. Horvitz
International Herald Tribune

Scattered fires, gas leaks, huddled highways, water main breaks and power outages created a tableau of smoky devastation around Los Angeles after a major earthquake rumbled through the nation's second-largest city early Monday.

The initial quake measured 6.6 on the Richter scale and was centered in the San Fernando Valley, within the sprawling city's northern limits. Dusty rockslides were reported throughout the canyons north of the valley.

Nearly continuous aftershocks, a few registering close to 5 on the Richter scale, rolled through the region.

Twenty-four people were reported dead, several from heart attacks. Unconfirmed reports put the death toll higher, and rescue teams, some arriving from hundreds of miles away, were at work in many areas. The number of injured was not known but appeared to run well into the hundreds.

Five hospitals were too damaged to treat the injured, according to a county official.

In Northridge, in the San Fernando Valley, 14 people died when an apartment building collapsed. A journalist there said the local campus of California State University sustained "tremendous structural damage."

The quake's timing — it struck at 4:31 A.M. on a national holiday honoring the Reverend Martin Luther King Jr. — found the vast majority of Los Angeles residents at home and asleep, and the roads relatively empty.

Residents reported that the initial quake lasted 30 to 45 seconds and sounded like a freight train rumbling through their homes and apartments, violently shaking the building. It was felt several hundred miles away.

In Los Angeles, bookcases toppled, kitchen cabinets emptied their contents onto the floor and windows cracked or shattered. Many older buildings sustained severe damage, but downtown office buildings appeared to be relatively unscathed, according to initial news reports.

Seismologists warned that damaged buildings could collapse in a large aftershock.

The earthquake seriously damaged the region's infrastructure — roads, bridges, buildings, power lines and pipelines — causing devastation to public property that will likely take months to repair. Fire hydrants shattered off their moorings, sending streams of water high into the air and lowering water pressure for fire

fighters. Fireballs erupted where gas mains ruptured.

Brief power outages and brownouts were reported in several Pacific and Rocky Mountain states because of links to Los Angeles in the nation's electric power grid.

President Bill Clinton called on his emergency management officials to do "everything humanly possible" for the region's people. He said they had suffered "a severe disruption of life."

"Our hearts and prayers go out to the people of Southern California," Mr. Clinton said late in the day as he signed a disaster declaration that freed short-term federal loans. "I'm confident that everybody is doing everything they can."

There were no initial reports of social chaos or serious looting.

Governor Pete Wilson of California said the

On Page 5

The quake's freeway destruction may have been limited by a \$1 billion renovation program.

Money to rebuild may be paid out slowly because of the recession in California.

Freeways were closed, and even the palm trees burned as Los Angeles reeled amid the rubble.

The Los Angeles airport was temporarily closed, snarling air travel across the country.

National Guard would help local police keep order overnight.

One unit of 1,500 guardsmen was reportedly activated in Los Angeles at midmorning. Additional army units were standing by and emergency teams prepared to dispatch water purification equipment and mobile electric generators, federal officials said.

According to reports from news teams using helicopters, electric power was cut to millions of city residents, and many were without water as well. Water company officials warned residents to boil city water before drinking it.

At first, many residents ran outside their homes and apartment buildings and stood stunned, huddled in blankets.

The Los Angeles International Airport was closed for two hours, as a precaution, but was undamaged and reopened at midmorning.

Damage to highways from collapsed overpasses was expected to create a major disruption for the region's 10 million residents and could

See QUAKE, Page 5

Last-Gasp Textile Deal Averts U.S.-China Clash

By Patrick E. Tyler
New York Times Service

BEIJING — China said the United States on Monday reached an agreement on textiles, averting at the last minute a major clash over the \$7.3 billion in Chinese clothing sold in the American market each year.

The Clinton administration on Jan. 6 had threatened to slash textile imports from China by more than \$1 billion unless a new agreement with strong enforcement provisions to stop overshipments and cheating was signed by Monday.

The agreement comes at a time of expanded dialogue between Washington and Beijing, where leaders in both capitals are seeking to resolve some of their long-standing disputes in trade, human rights and weapons proliferation through higher-level contacts.

Putting an end to the blatant cheating on quotas in China's export-oriented textile industry could remove what has been one of the most contentious trade issues in recent years, and the agreement sounds an upbeat note for the arrival in China on Wednesday of Treasury Secretary Lloyd Bentsen.

A senior U.S. trade official had described

the accord as "a very good agreement for both sides" and said that Washington would pull back from its threat to cut Chinese textile imports by one-third. The cuts could have cost Chinese firms as much as \$1.2 billion.

In return, China has accepted a number of concessions, including slowing the growth of its textile exports to the United States, allowing quotas on its silk exports and setting up a tougher enforcement system that will include joint inspections of Chinese factories and penalties for cheating on quotas.

The official Xinhua news agency quoted senior Chinese trade officials as praising the agreement but also acknowledging that China had made "substantial concessions."

Under the accord, if U.S. enforcement officials find more than two cases of "clear evidence" that Chinese firms are continuing to mislabel or transship textiles in violation of the agreement, Washington will be allowed to reduce China's quota by three times the value of the offending shipments.

But the senior U.S. trade official said there would be an emphasis on consultations and

See DEAL, Page 14



France Says the Worst Is Over, but Evidence Is Scarce

By Jacques Nehier
International Herald Tribune

PARIS — Though the numbers no longer are headed south, 1994 will be another year of economic crisis for France, with a recovery and a modest one at that — not likely to take hold until 1995.

Despite a soaring Paris stock market and the government's declaration that Europe's second-largest economy has left recession behind, many see it "bumping along the bottom" for the next six months as fresh calls by business and industry for interest-rate cuts continue to go unheeded. And for most French people, a rebound will scarcely be felt even by the year's second half.

In a country where the homeless already besiege riders of the Paris Metro with three competing "street" publications, the likelihood of a sideways economy, with annual growth of

When and How?
Ending the world recession

A series of articles on returning the world's industrial economies to competitiveness and real growth.

0.5 percent to 1 percent, will mean more business failures, more job losses and longer lines at the soup kitchens. In 1993, a total of 68,111 companies folded; unemployment hit 12 per-

cent, with 3.28 million people out of work; and the homeless mounted to an estimated 400,000 people.

And even when recovery does arrive, economists say, it will not be strong enough to shrink the unemployment rate, which is likely to rise to 13 percent by year-end.

The resulting rise in social-security payments and drop in income-tax revenue, they say, will widen an already gaping budget deficit, making tax increases a necessity for 1995.

Only a sharp cut in interest rates — well ahead of any similar action by the Bundesbank — could bring the economy out of its stupor any sooner. And most people here seem to have given up on that possibility.

A few business leaders have argued behind the scenes for France to take an aggressive stance on interest rates, particularly to take advantage of the wider latitude for the franc's exchange rate that resulted from last summer's currency crisis.

Although the newly independent Bank of France is now in charge of monetary policy, it is not expected to break with Prime Minister Edouard Balladur, who is steadfast in his opposition to tinkering with interest rates.

Mr. Balladur, riding high in French popularity polls, is feeling no political pressure to back away from the strong-franc policy that successive governments have employed since the mid-

See FRANCE, Page 13

Post-Cold War Overkill? Doubts Arise on Nuclear Battle System

By Tim Weiner
New York Times Service

WASHINGTON — An elaborate satellite system created to help fight a long nuclear war with the Soviet Union is being prepared for launching next month, even as questions mount in Congress about its cost and need, given the diminished prospects for such a conflict.

Built to act as a space-based brain for nuclear war, the Milstar system would be a global switchboard — a network of satellites to relay military commands long after Washington and

the Pentagon were destroyed in battle. It would also be one of the most expensive projects in the Pentagon's history.

Although many of Milstar's capabilities remain secret, the original goals for the satellites included the ability to retreat from an orbit of 23,000 miles (37,000 kilometers) to a deep-space orbit of 110,000 miles to evade potential attackers; the ability to shield themselves from the effects of nuclear explosions, including the electromagnetic pulse, a tidal wave of charged electrons that could devastate the nation's electronic circuits; and the ability to foil enemy efforts to jam their messages.

Designed to endure a six-month nuclear Armageddon, it has already survived attempts by the air force to eliminate it to save money.

The Milstar program was begun in the early 1980s as part of the Reagan administration's \$180 billion program to strengthen the nuclear arsenal. With the Cold War over, Milstar is now being put forward in slightly scaled back form and as a system that can be adapted for use in nonnuclear conflicts. But critics argue that this

See SATELLITE, Page 4

Kiosk

UN to Draft Plan for Action in Bosnia

GENEVA (Reuters) — The UN secretary-general, Boutros Boutros Ghali, ordered United Nations peacekeepers on Monday to produce concrete plans for two possible military operations in Bosnia-Herzegovina.

Mr. Boutros Ghali's spokeswoman, Therese Gastaut, said he had told his special representative in the former Yugoslavia, Yasushi Akashi, "to formulate a plan for the rotation of the blocked UNPROFOR contingent in Srebrenica." She added, "A second plan is to be prepared with regard to the possible opening of Tuzla airport and the resources that are necessary to achieve this aim."

Related article, Page 2.

2 Neo-Nazis Are Jailed For Luge Team Attack

Two young neo-Nazi charged with beating a U.S. luge team racer in Oberhof, Germany, were found guilty Monday and sentenced to jail. One received a sentence of two years, eight months; the other was given a one-year sentence. (Page 17)

Dow Jones

Up 3.09
3,870.29

The Dollar

DM 1.7525
Pound 1.4936
Yen 111.135
FF 5.9475

General News

Israel's prime minister questioned the price for peace with Syria. Page 4.
Prime Minister Major said he was ignorant of illegal arms sales to Iraq. Page 2.

Business / Finance

Europe's trade chief dismissed President Clinton's call to export the developed nations' higher labor standards. Page 11.

Book Review

Chess Page 8.

Russian Cabinet Disarray Drives Ruble to New Low

By Steven Erlanger
New York Times Service

MOSCOW — As the value of the ruble fell to a record low against the dollar, President Boris N. Yeltsin accepted the resignation Monday of Yegor T. Gaidar, the architect of Russia's economic reforms, and negotiated to keep the finance minister, Boris G. Fyodorov, in his job.

Mr. Gaidar quit as a first deputy prime minister and economics minister on Sunday, saying that the government was not pursuing a rational economic policy and that his advice was being ignored by the prime minister, Viktor S. Chernomyrdin.

The social security minister, Elia Panfilova, the only woman in the cabinet, also resigned.

Mr. Fyodorov, the other leading reformer in the cabinet, spent the day bargaining over his job. He said he wanted Mr. Yeltsin to fire the anti-reform central bank chairman, Viktor V. Gerashchenko, and remove Alexander K. Zavarukha, a socialist in charge of agriculture, as deputy prime minister in a government reshuffle expected as early as Tuesday.

Mr. Fyodorov said Monday night that he had

been offered the post of finance minister in the new government, but not a higher rank as a deputy prime minister, and that he was considering his options. Mr. Fyodorov is particularly opposed to being outranked by Mr. Zavarukha, a Chernomyrdin favorite who ran on the Agrarian Party ticket, allied with the Communists. Mr. Fyodorov is also said to want a veto over most financial decisions; Mr. Yeltsin reportedly gave him a deadline to decide.

Mr. Fyodorov, a more aggressive bureaucratic fighter than Mr. Gaidar, has worked hard to try to restrain spending, and the rival reform economist, Grigori A. Yavlinsky, said Monday that he hoped Mr. Fyodorov would decide to stay.

While praising Mr. Gaidar on Monday, Mr. Yeltsin emphasized his own commitment to deep democratic and market reforms.

"Accepting this resignation, I would particularly like to stress the unchangeability of the president's course toward deep and democratic reform of Russian society, its economy and

See RUSSIA, Page 4

Major Denies He Knew of Arms-to-Iraq Policy

By Eugene Robinson
Washington Post Service

LONDON — Prime Minister John Major told a special inquiry Monday that despite holding key cabinet posts under his predecessor, Margaret Thatcher, he was unaware that officials in Lady Thatcher's government had relaxed guidelines covering arms-related sales to Iraq.

Not even when he served a brief stint as foreign secretary in 1989, Mr. Major testified, was he told that the guidelines had been altered to let British companies sell equipment to Iraq that later was used to make shells, missiles and other weapons.

"Neither at that stage nor later was I involved in the formulation of the guidelines, consideration of the guidelines, amending the guidelines or the interpretation of the guidelines," Mr. Major said.

The prime minister's remarks came in an appearance before Lord Justice Richard Scott, who is conducting a wide-ranging public inquiry into Britain's arms-to-Iraq scandal. It was believed to be the first time a sitting British prime minister had been questioned by such a panel.

Mr. Major himself ordered the investigation after it was disclosed more than a year ago that Britain had secretly relaxed its stance toward equipment sales to Iraq in the late 1980s. That decision ultimately aided the Iraqi arms buildup for the invasion of Kuwait. The policy shift, which was kept from Parliament, is detailed in scores of documents unearthed by the investigation. Top officials, including Lady Thatcher, have denied being informed.

Mr. Major joined the chorus on Monday, telling Lord Justice Scott that the guidelines on sales to Iraq were designed to be flexible and that interpretation was left to lower-ranking officials.

The decision to allow British companies to sell to Iraq more "dual-use" equipment, such as sophisticated machine tools that might have both civilian and military use, was made in 1988, documents indicate.

But Mr. Major told Lord Justice Scott he had no idea the guidelines had been altered until November 1992, after the government's attempt to prosecute three British businessmen for violating the guidelines had collapsed. During the trial of the three executives of Manx Churchill it was revealed that government officials knew all along that

the "dual-use" equipment the machine-tool company had sold to Iraq was destined for arms factories.

■ Sinn Féin Assails London

The Irish Republican Army's political wing, Sinn Féin, on Monday released its version of talks with the British government, in which it accused London of lying and of hypocrisy in refusing to clarify the British-Irish peace plan for Northern Ireland, Reuters reported.

Sinn Féin's national chairman, Tom Hartley, said the British government had lied by saying it was Sinn Féin that initiated serious contacts last February.

According to the Northern Ireland secretary, Sir Patrick Mayhew, a Sinn Féin official, Martin McGuinness, sent a dramatic message to the British government in February saying: "The conflict is over, but we need your advice on how to bring it to a close."

Mr. Hartley said the McGuinness message was bogus and was written by the British government. Intensive dialogue had in fact begun as far back as mid-1990 at Britain's initiative, he said.

Sanctions May Force Saddam to Bend on Oil Sales

By John M. Goshko
Washington Post Service

WASHINGTON — President Saddam Hussein's latest efforts to win relief from the pressure of United Nations sanctions have failed, leaving him little option but to accept tough conditions for a limited sale of Iraqi oil, according to UN diplomats and oil industry analysts.

One investment banking house, Salomon Brothers, advised its clients last week that it thought Mr. Saddam was convinced that the 3½-year-old embargo would not be lifted, so his only hope for hard currency would be a UN offer to let Iraq sell \$1.6 billion worth of oil.

But the offer is conditioned on Iraq's accepting strict UN monitoring to ensure that the receipts are used exclusively to provide food and medicine to the Iraqi people. Until now, Mr. Saddam has rejected this condition as an insult to Iraqi sovereignty.

U.S. officials are hesitant to speculate about whether Iraq's hemorrhaging economic situation has driven Mr. Saddam into that tight corner. But they said that Baghdad had not succeeded with a yearlong "charm offensive" that aimed first at coaxing President Bill Clinton into a more lenient attitude and, when that failed, at building enough support among European and Third World nations to circumvent U.S. opposition.

"All Saddam has offered is cosmetic compliance with UN demands, and the international community, including even those countries that would like to see Iraq get some relief, won't settle for that," a senior U.S. official said. "There is no sign that he'll get out of the sanctions box anytime soon."

But U.S. officials say there is no sign that economic hardship has loosened Mr. Saddam's grip on power.

Since the end of the Gulf War in 1991, U.S. strategy has been to press Iraq with economic sanctions and international inspections of its much-weakened arms industry, all aimed at chipping away at Mr. Saddam's internal political, military and financial support to make him more vulnerable to ouster.

The chief weapon in that campaign has been the UN embargo, which prevents Iraq from selling oil — its principal resource — until it complies with UN demands.

The demands include international monitoring of Iraqi compliance with orders to get rid of its weapons of mass destruction, measures to ensure that Iraq no longer poses a threat to Kuwait and an end to Baghdad's attacks against Kurds in northern Iraq and Shiite Muslims in the south.

■ March Marks Gulf War
Several thousand Iraqis marched Monday through Baghdad, shouting anti-American slogans and declaring loyalty to Mr. Saddam on the third anniversary of the outbreak of the Gulf War, Reuters reported.



Women at a Baghdad march Monday for the third anniversary of the start of the Gulf War.

With Focus on October, German Opposition Fires First Salvo

Reuters

BONN — The leader of the Social Democratic Party launched his campaign on Monday for October elections by taunting Chancellor Helmut Kohl for refusing to debate him on television.

"The fact the chancellor ducks

such an invitation is not a sign of confidence," Rudolf Scharping, the opposition leader, said at a news conference. "Party chairmen running for the same job should really spell out their positions in a discussion."

Peter Hintze, secretary general

and campaign manager for Mr. Kohl's Christian Democratic Union, has ruled out a live debate despite invitations from several stations. Televised debates are not usual practice in German campaigns.

Mr. Scharping also urged Mr. Kohl to agree to a "fairness pact" to keep the campaign from sliding into mud-slinging during the unprecedented 19 elections due this year. The polling pick-up includes votes for local, state, federal and

European Parliament deputies as well as for the presidency.

Mr. Scharping, keen to focus his campaign on Germany's record unemployment and Mr. Kohl's social spending cuts, would like the fairness pact to narrow debate to those issues.

Mr. Hintze has been wary of a fairness pact, an idea that was tried in 1980. The independent panel meant to ensure a fair campaign became a hotly debated issue itself

and the scheme has not been tried since.

In a television poll on Sunday, the Social Democrats led the Christian Democrats by 38 percent to 34 percent.

Most commentators said they believed that the two parties would have to form a grand coalition after the October election because neither would garner enough votes to lead a stable coalition with any of the smaller parties running in the election.

Long Shot Forces Runoff in Finland

Reuters

HELSINKI — Finns, many of them surprised by the outcome of the first round of the presidential election, must now choose between two candidates whose views are similar.

Martti Ahtisaari of the opposition Social Democrats and Defense Minister Elisabeth Rehn of the small Swedish People's Party will face each other in a second round on Feb. 6.

The two were the leading vote-getters among 11 candidates on Sunday in the opening round of the country's first direct presidential election.

The main issues were Finland's security and an economy in crisis.

Miss Rehn provided the major surprise of Sunday's vote because she was not considered to be among the main candidates just a few weeks ago.

According to preliminary results based on 100 percent of the vote, Mr. Ahtisaari won 25.9 percent of the vote and Miss Rehn got 22 percent.

Despite Mr. Ahtisaari's lead, Miss Rehn's late surge was seen by some analysts as giving her enough momentum to win in the next round.

"Elisabeth Rehn's final spurt was dazzling," the daily Helsingin

Sanomat said in an editorial.

Both Miss Rehn and Mr. Ahtisaari are believed to have won support because of voter disenchantment with old-style politicians in a country suffering its deepest economic slump since independence from Russia in 1917.

down after two six-year terms in office.

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Karadzic Threatens An 'All-Out' Bosnia War

The Associated Press

BIJELJINA, Bosnia-Herzegovina — Bosnian Serbian leaders threatened Monday to unleash "all-out" war against the Muslim-led government in Sarajevo if coming peace talks in Geneva end without agreement.

"This round of negotiations will mark a definite turning point," said Radovan Karadzic, leader of the self-proclaimed Serbian state in Bosnia-Herzegovina, in an address to the regional assembly.

"If it becomes clear there will be no peace," he added, "we shall have to prepare for all-out war."

Mr. Karadzic's comments came amid signs that the Bosnian Army, long the underdog in the 21-month war that has given the heavily armed Serbs 70 percent of Bosnia's territory, was becoming more of a match for its foe.

It has reportedly fought off a fierce Serbian onslaught at Olovo, northeast of Sarajevo, aimed at pinching the Bosnian heartland held by government troops. And it continues to score successes against Bosnian Croatian troops in central Bosnia, where the two sides have fought for months over land unclaimed by the Serbs.

Ahead of the resumption Tuesday of another round of the negotiations between Bosnia's Serbs, Croats and the republic's Muslim-dominated government, comments by Serbs at the Bijeljina assembly reflected their deep frustration.

At the last session, held Dec. 21, the Bosnian government rejected a joint Serbian-Croatian proposal granting it control over one-third of Bosnia's territory.

It said its demands for access to the sea and to the Sava river in the north had not been fulfilled.

In Olovo, fierce fighting ebbed prior to a new round of peace talks, leaving front lines unchanged.

U.S. Warns Serbia on War Crimes

By David B. Ottaway
Washington Post Service

THE HAGUE — The United States has warned Serbia that unless it cooperates fully in the prosecution of Serbian officers and officials responsible for committing war crimes in Bosnia, Washington will not vote in the UN Security Council to ease or lift the sanctions that have devastated Serbia's economy.

Madeline K. Albright, the U.S. representative at the United Nations, who issued the warning, announced that the Clinton administration was turning over thousands of pages of previously classified testimony to the UN War Crimes Tribunal on alleged Serbian war crimes.

Excerpts from the first 1,000 pages of U.S.-collected testimony from 400 former war prisoners and refugees were made available Sunday in the Hague. The material contains the names of scores of Serbian prison camp commanders and other officers and spells out the atrocities for which they were allegedly responsible.

The tribunal president, Antonio Cassese of Italy, said that the first trials of accused war criminals would probably take place in June. He said the initial defendants would be Serbs, Croats and Muslims, and he expressed confidence that at least some of those indicted could be apprehended by then.

Mrs. Albright also warned that the United States intended to consider interference by any of the three warring Bosnian factions in the delivery of emergency food supplies a violation of international law that should fall under the jurisdiction of the tribunal.

But her message was clearly aimed at Serbia and its Bosnian Serb allies who have been blamed by numerous UN resolutions for forced removals known as "ethnic cleansing."

"The United States will examine any effort to ease or lift sanctions in the context of whether there has been full compliance with, inter alia, Security Council resolutions relating to war crimes" and to "the delivery of humanitarian aid."

WORLD BRIEFS

Paris Retrenches After Algeria Killing

PARIS (Reuters) — France said Monday it would further reduce staff in Algeria after gunmen killed a consular official in central Algiers.

The murder Saturday of Monique Afri, 45, a Frenchwoman married to an Algerian, caused new concerns in the remaining foreign community in Algeria, the scene of bloody strife between Muslim fundamentalists and an army-backed government. Mr. Afri was the 26th foreigner to be killed since late September.

French offices and schools in Algeria were closed on Monday in a gesture of mourning, as were the diplomatic missions of the 11 other European Union countries. France has three consulates, six cultural centers, a high school and primary schools in its former North African territory, which won independence in 1962.

UN Releases Final Somali Detainees

GENEVA (AP) — The UN secretary-general, Boutros Boutros Ghali, ordered the release Monday of the last eight Somali nationals detained by the United Nations in connection with attacks on its peacekeeping operations.

The move was an apparent attempt to improve relations between the United Nations and General Mohammed Farrah Aidid, the warlord who opposes the UN's presence in Somalia.

UN troops had detained a total 750 Somali nationals last year in connection with attacks on their mission.

2d Round Set in Crimea Election

KIEV (AP) — A runoff presidential election will be held in Crimea between the pro-Russian front-runner and a regional leader who wants the strategic peninsula to remain in Ukraine, officials said Monday.

Yuri Meshkov, who wants Crimea returned to Russia, got 40 percent of the votes cast Sunday in the autonomous republic's first presidential election, according to preliminary results. The parliament speaker, Nikolai Bagrov, who wants the peninsula to remain part of Ukraine, was second with 18 percent. The runoff is expected before the end of the month.

Historically part of Russia, the Crimea was given to Ukraine in 1954 by Nikita S. Khrushchev as a gesture of friendship. The Crimean port of Sevastopol is home to Russia's Black Sea Fleet, and both the fleet and the peninsula became major points of contention between Ukraine and Russia after the 1991 Soviet collapse.

Bomb Misses Bogota Finance Chief

BOGOTA (AP) — A shrapnel-packed bomb exploded alongside the car of the finance minister of Colombia on Monday, wounding a policeman and marring traffic in downtown Bogota, officials said.

The minister, Rudolf Hommes Rodriguez, was traveling in an armored BMW and was not wounded, a police commander said. The five-kilogram (11-pound) dynamite bomb was detonated by remote control.

Radio stations said the blast was an attempt to assassinate Mr. Hommes, apparently by leftist rebels who have objected to his free-market economic policies.

In Hong Kong, Fears for China Trade

HONG KONG (Reuters) — Hong Kong's financial secretary, Sir Hamish Macdonald, warned against complacency that President Bill Clinton would renew China's trade privileges, saying Congress wants much more from Beijing on human rights and market access.

Sir Hamish said that U.S. extension of the most-favored-nation status for China could not be taken for granted and was one of the biggest worries for Hong Kong in 1994.

Normally, Hong Kong officials shy away from commenting directly on issues that China would consider its own affair. Sir Hamish, who held talks with Mr. Clinton late last year, said he did not want to pass judgment on China's human rights record. But his remarks reflect concern about the severe side effects Hong Kong would suffer if China lost the favorable trade status.

Tourism Firms Speak Out for Leakey

NAIROBI (Reuters) — Tourism industry leaders rallied behind the famed conservationist Richard Leakey on Monday and urged Kenya's president to reject his resignation or risk a loss of confidence in the country's game parks and wildlife.

The leaders, who said they represented 1,000 companies, said: "While no man is irreplaceable, Dr. Leakey's departure and the fallout it would cause runs a very high risk of enfeebling the Kenya Wildlife Service and eroding global confidence in Kenya's commitment to wildlife."

Mr. Leakey said Friday that he had submitted his resignation after Tourism Minister Noah Katana Ngalia announced an inquiry into allegations of mismanagement and racism in the wildlife service, which runs Kenya's game reserves. The tourist leaders said Mr. Leakey had reduced poaching and corruption and built up investor confidence while improving conservation management, financing, long-term planning, repairs and development.

'Satanic Verses' Published in Egypt

CAIRO (AP) — A magazine has for the first time in Egypt published extracts from "The Satanic Verses," the novel that brought about an Iranian death threat against its author, Salman Rushdie, who now lives in hiding.

Rose al Youssef, a pro-government weekly, said it was publishing the extracts Monday to "defend freedom of thought as well as Islam, which has never known censorship." The novel is banned in most Muslim countries.

TRAVEL UPDATE

Zurich Airport Weighs Improvements

ZURICH (Reuters) — Zurich airport must spend about two billion Swiss francs (\$1.35 billion) on improvements to meet rising demand and remain competitive, the airport's information service said Monday.

Local government, airport, airline and rail officials agreed recently that the airport needed 30 extra aircraft parking spaces, more passenger check-in counters and additional aircraft docking equipment, it said.

If the project goes ahead, the improvements would probably be completed only after 2000, the statement added. Zurich airport, Switzerland's largest, is already reaching capacity, with delays at peak travel times and congested passenger waiting areas.

Moscow will soon charge some tourists a dollar a day, ITAR-Tass said Monday. The authorities decided foreigners must pay the ruble equivalent of a U.S. dollar for every day's stay in Moscow. Residents of former Soviet republics, except Latvia, Lithuania and Estonia, are exempt. The agency did not say how the authorities planned to collect the fee or precisely when they would levy it. The ruble fell sharply Monday to 1,402 to the dollar.

Spain will shut down during a one-day general strike Jan. 27 but leaders of the nation's main two unions said Monday they have agreed to guarantee minimum levels of public transportation. (AP)

High winds in Portugal closed Funchal airport Monday, leaving travelers stranded on Madeira, the Portuguese island 800 kilometers (500 miles) southwest of Lisbon. About 61 passengers were stranded when TAP canceled its morning flight to Lisbon, and at least three charter flights headed for the island were diverted, the news agency Lusa reported. (AP)

Wells Fargo & Co. unveiled a security system to make customers feel safer at its automatic teller machines. Called SafeAlert, it allows users to talk directly with police emergency dispatchers by pushing a button. San Francisco-based Wells Fargo plans to install the buttons at five of its branch banks in Oakland, California. (AP)

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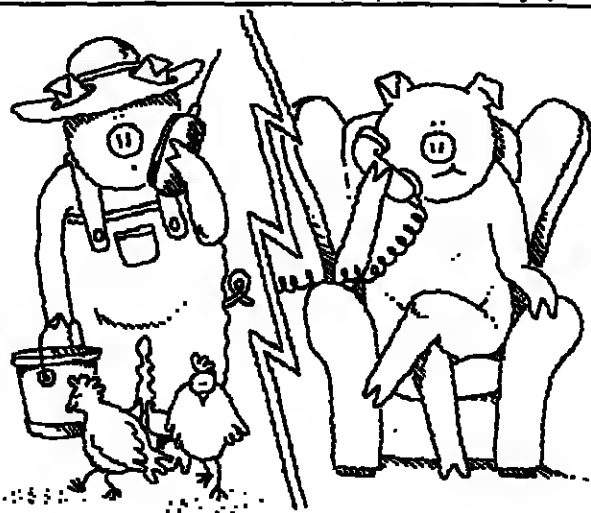
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THE AMERICAS / WHO CHANGED WHAT?

President Yields to the Capital In Washington, It's Still Business as Usual

By Dan Balz
Washington Post Service

WASHINGTON — On the cold and clear day that ushered in his presidency, Bill Clinton had a pointed message for the city that he would make his home.

"This beautiful capital, like every capital since the dawn of civilization, is often a place of intrigue and calculation," he said in his inaugural address. "Powerful people maneuver for position and worry endlessly about who is in and who is out, and who is up and who is down, forgetting those people whose toil and sweat feeds us here and pays our way. Let us give this capital back to the people to whom it belongs."

The young president's lofty oratory was an elegant restatement of his campaign battle cry: "No more business as usual." It was meant to put the lawyers and lobbyists, the spin doctors and publicists, the pundits and the rest of the establishment on the defensive. The euphoria that pulsed across the city that day a year ago suggested that Washington's permanent class would be willing partners.

Nothing could have been more wrong. President Clinton and permanent Washington have circled one another suspiciously since the early days of his campaign, and his election as president did little to stop it. His sometimes wobbly first year was in part his effort to come to terms with the capital's tribal customs. If he came here determined to force change on the city, he was, by year's end, the one who had been changed more.

"Every new president comes with a promise to change things as we know it," said Senator John B. Breaux, Democrat of Louisiana. "The actual results are that they change Washington, and they are changed by Washington."

If Mr. Clinton fundamentally changed the debate and took control of the issue agenda, he took the legislative victories the old-fashioned way — through cajoling, hand-holding and deal-making that reinforced the appearance of business as usual.

If he brought unquestionable energy and curiosity to the details of policy-making, he was forced to temper his desire to move quickly with a recognition of the fact that his own proposals sometimes took longer to put together than he had anticipated and that even a 70-

cratic Congress wanted to change them once they arrived. If he arrived believing he could conduct foreign policy part-time while concentrating on his domestic agenda, he ended up with the realization that the complex world he inherited demands much more of his time and energy.

And if Mr. Clinton presumed that he could reinvent communication with the American people through town-hall meetings and television talk shows, he ended up exploiting the presidency's old bul-

Second of a two-part series

ly pulp and quietly stroking the media establishment.

A recent Washington Post poll found that one-fifth of those surveyed thought that Mr. Clinton had changed Washington; another fifth said Washington changed him. The rest did not know what to think.

The best evidence that Mr. Clinton's presidency has brought a change to Washington is the proliferation of competing proposals to reform the health-care system. After 12 years of Ronald Reagan and George Bush in the White House, the national debate has changed dramatically in a short time.

"I don't know whether he's changed Washington institutions or the powerful forces that are here, but he totally dominates the debate over ideas," said Bruce Reed, a senior domestic policy adviser in the Clinton White House.

Taxing the rich replaced supply-side economics. Deficit reduction, spurred by a public fervor that even Mr. Clinton underestimated, became a watchword for the first six months of last year. The president embraced the North American Free Trade Agreement more enthusiastically than his fellow Democrats expected and brought about the successful conclusion to world trade talks.

He pushed through a national service program. This year he will unveil a plan to change the welfare system, although he will be scrambling to keep ahead of dramatic changes under way in the states.

The secretary of housing and urban development, Henry G. Cisneros, made discrimination in housing, a prominent issue — again, a prominent issue — again, Interior Secretary Bruce Babbitt tackled Western grazing issues — despite setbacks — with a vigor lacking in past administrations.

Energy Secretary Hazel R. O'Leary began cleaning up the legacy of the government's nuclear past.

Mr. Clinton's insistence on diversity helped slow the appointments process to a crawl, but the impact of more women and minorities in top jobs across the government likely will be felt for years.

Hillary Rodham Clinton's activities prompted a dramatic change in the role and perception of presidents' wives, and the president brought a new generation to power, although the impact of their arrival on the city is more difficult to discern after only a year.

With no vacation home and not much apparent affection for life at Camp David, the Clintons have tried to make Washington home.

Mr. Clinton arrived a year ago pledging Franklin D. Roosevelt's kind of "bold experimentation," and even Republicans have been impressed with the energy he has brought to policy-making.

A freshman legislator, Representative Michael N. Castle, Republican of Delaware, who worked closely with Mr. Clinton when both were governors, said: "He's started to change Washington. In six at Republican meetings and hear them talk — he's fully engaged, a person trying to come to grips with problems."

William Kristol, chairman of the Project for the Republic Future and a critic of many Clinton policies, nonetheless said the president's risk-taking style in a risk-averse town was likely to pay off.

"The times I think will reward boldness and an aggressive entrepreneurial politics," Mr. Kristol said. "Playing it safe is not going to be a good strategy."

As governor of Arkansas, Mr. Clinton regularly prowled the corridors of the city and courted those in power, whether elected or unelected. Yet, he has repeatedly expressed surprise at what he found in Washington when he arrived as president.

Six months into his presidency, Mr. Clinton was asked at a private dinner party what had surprised him most. He said he had miscalculated what people in Washington thought was important.

During his transition, he said, he believed he had three major things to do: Set policy, pick a cabinet and name a White House staff. The first two he regarded as crucial, the third as far less important.



Mr. Clinton and his wife and daughter returning to the White House after their travels in Europe.

"Then I get up here and find all the press wants to write about my personal staff in the White House," he said, according to another guest.

But is it any wonder that his White House staff attracted attention? In one year, Mr. Clinton named four deputy chiefs of staff, two directors of congressional liaison, two communications directors, two scheduling directors, two directors of intergovernmental relations and two political directors. He also brought in David R.

Gergen, recruited Mr. Daley for NAFTA, set up three "war rooms" to fight his legislative battles, fired and rehired much of the White House travel office, which handles arrangements for reporters who accompany the president on his domestic and foreign trips. Now his private finances are subject to a special counsel's investigation.

The uneasy truce between Mr. Clinton and permanent Washington that marked the end of the president's first year in office in fact may be a permanent condition for a president who has sought to straddle an outsider-insider division within his own administration.

For all his efforts to charm Washington's permanent class, a current of resentment and frustration still runs through the top levels of his administration. After a year of his presidency, both Mr. Clinton and Washington have begun to change, but needing to recover from his early mistakes, it was Mr. Clinton who perhaps yielded most.

★ POLITICAL NOTES ★

The Health Care Noncrisis: It's All Relative

WASHINGTON — When different people say, "There isn't a crisis in health care," they mean different things. But none are particularly helpful to the Clinton administration's hopes for enacting sweeping health-care legislation.

When Senator Daniel Patrick Moynihan, Democrat of New York, said it on Jan. 9, he meant that he would rather deal with welfare legislation first, although he has often acknowledged that the health-care system is a mess and needs fundamental change.

Even so, after that television interview, in which Mr. Moynihan also denounced Western inaction in Bosnia and urged President Clinton to accept an independent counsel and make his Whitewater papers public, it was the senator's health-care line that most troubled the White House.

That was because the senator had echoed a phrase that more and more Republicans are using. They are still not sure what they want, but those who are certain they don't want anything like Mr. Clinton's plan have found a unifying way to argue that his proposal goes too far.

When William Kristol, a Republican strategist who heads the Project for the Republic Future, made the "no crisis" argument in December, he was basically offering tactical advice, saying Republicans had to calm the country or something sweeping might be enacted.

Not that he was all that calm himself in the December memorandum in which he first gave visibility to the dismissive approach. He called Mr. Clinton's style "a brazen campaign of fear-mongering" and a "campaign of fright."

It was up to Republicans, Mr. Kristol said, to "remind the nation, point by point, that it currently enjoys the finest, most comprehensive and most generous system of medical care in world history."

But lest they sound like Pollyanna and perpetuate the Republican image of not caring about domestic problems, he urged Republicans to acknowledge that the problems were "serious," but that they did not constitute a crisis. (NYT)

Clinton to Raise 1995 Transportation Budget

WASHINGTON — President Clinton has decided to finance federal highway grant programs fully in his fiscal 1995 budget and to recommend higher levels for airport and rail programs than the Office of Management and Budget had sought, according to administration sources.

Transportation officials and lobbyists had feared that the Transportation Department would be facing major cuts, the sources said, but they now expect its final budget recommendation to be slightly higher for fiscal 1995 than it was in 1994.

In a tight budget year, the department's good fortune would come at the expense of other departments, but the sources said they were uncertain which ones would lose out. The transportation agency also would make internal cuts, trimming almost 4 percent of its work force, to bolster financing or avoid cutbacks in major programs. (WP)

Feeling 'Great,' President to Have Checkup

WASHINGTON — President Clinton is to have a four-hour physical exam at Bethesda Naval Hospital on Tuesday. The White House press secretary, Dee Dee Myers, said the examination would be routine.

"He feels great," she said, while acknowledging that Mr. Clinton was tired after his eight-day, six-nation European trip. (AP)

Quote / Unquote

Mr. Clinton, on his first trip to Europe as president: "Looking back over the trip, I can say without any hesitation that it met all of our objectives — everything that we hoped would happen did." (AP)

Mexico Plea U.S. Seeks to Bar In-Flight Insecticide Use

To Rebels Is Ignored

By Martin Tolchin
New York Times Service

SAN CRISTOBAL DE LAS CASAS, Mexico — Soldiers searched Monday for guerrillas in the mountains of southern Mexico and, despite a promised amnesty by the government, a rebel leader vowed to continue the fight for Indian rights.

Eight suspected rebels were arrested Sunday but there was no reaction Monday from guerrilla leaders to a plea by President Carlos Salinas de Gortari to lay down their arms.

Mr. Salinas announced a general amnesty Sunday, saying it covered all "violent acts" committed by the rebels from Jan. 1, when the uprising started, through Sunday.

Hours before his announcement, rebels from the Zapatista National Liberation Army were quoted by the Mexican media as saying they would fight until their demands were met.

One guerrilla leader, who identified himself only as Major Mario, said the rebels had numerous demands for ending the misery of the 3.2 million people of Chiapas, an impoverished state bordering Guatemala.

"We have declared this war for many reasons, most importantly for our poor people," he said in the Mexico City daily Reforma.

He said the guerrillas, believed to number as many as 2,000, were abiding by the government's unilateral cease-fire, but would defend themselves if attacked by the 14,000 troops deployed in Chiapas.

In the pro-government village of Orzech, villagers said the night arrested suspects, who had been identified by the mayor, were turned over to the authorities.

Hundreds of troops poured into Orzech and the surrounding hills on Sunday. Rebel activity had been reported the night before, but the army made no sense of it.

In San Cristobal de las Casas, the government-appointed mediator, Manuel Camacho Solis, said the president's amnesty covered soldiers as well as rebels involved in the Chiapas conflict.

WASHINGTON — The United States is planning a series of measures to discourage overseas governments from requiring that airlines arriving in their airports be sprayed with insecticide, a practice U.S. officials said needlessly exposes millions of Americans to harmful chemicals.

The United States ended the in-flight spraying of insecticides in passenger cabins of arriving airlines in 1979, after determining the health danger it posed outweighed any benefits. But the U.S. cannot forbid other governments from requiring spraying aboard airlines, even American carriers, arriving in their countries.

To counter disease-bearing pests, certain governments require flight attendants on U.S. and other airlines to spray 4-phenothrin, an insecticide that has a low toxicity to humans, 30 minutes before landing at airports in the Caribbean, South America and South Pacific. The ventilation system must be turned off as flight attendants walk down the aisle, spraying the insecticide into the air.

These countries require cabin spraying before arrival: Australia, New Zealand, Argentina, Belize, Bolivia, Brazil, Chile, Costa Rica, Peru, Colombia, Venezuela, El Salvador, Nicaragua, Guatemala, Panama, Mexico, Antigua, Barbados, Jamaica, St. Lucia and St. Martin. It is also required by the U.S. territory of Guam and the

Northern Mariana Islands commonwealth. As a first step, Transportation Secretary Federico F. Pena plans to direct U.S. airlines to inform passengers before boarding flights if their aircraft will be sprayed before landing. "Our top priority is the safety of passengers," he said.

A spokesman, Richard Mintz, explained this would allow passengers to make an informed decision on whether to board. Transportation officials believe that this action alone, at the height of the Latin American and Caribbean tourist season, will persuade some governments to end the practice. If not, the secretary would consider more direct measures, he said.

Officials of the Environmental Protection Agency said complaints from flight attendants and passengers had prompted interest.

"We're definitely taking a very cold, hard look at this issue," Stephen L. Johnson of the agency said. "Spraying people with an insecticide that is intended to kill bugs and insects doesn't seem like a good thing to do."

While 4-phenothrin, sold commercially as Black Knight Roach Killer, has little toxicity for humans, Mr. Johnson said it could create problems for people with allergies, chemical sensitivities, asthma and other problems.

Flight attendants and passengers have complained that the spraying has caused headaches, nausea, fatigue, seizures and, in extreme

cases, memory loss, a reduction in cognitive skills or a depressed immune system. Federal investigators are seeking to determine whether the symptoms were caused by the insecticides.

Chris Chalmers, a spokesman for the Air Transport Association, which represents the major airlines, said: "Given the requirements of other countries, we have no choice," he said. Do we like to do it? No. But the products are approved by EPA.

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To Israel, A Sense of Promise

But Rabin Raises Cautionary Flag

By Clyde Haberman
New York Times Service

JERUSALEM — Israel said Monday there was greater promise now for future peace with Syria, but for a second day the government stepped with extreme caution around the Syrian president's statement that he was ready for normal relations.

Israeli leaders welcomed the tone of remarks made by President Hafez Assad on Sunday after his long meeting with President Bill Clinton in Geneva. As expected, the leaders announced that next week they would resume long-suspended peace talks in Washington.

"There is a feeling of a more promising air" after Mr. Clinton's meeting with Mr. Assad, Foreign Minister Shimon Peres said.

But he and other Israeli officials said that they lacked critical details about how Mr. Assad defined "normal, peaceful relations" with them. Consequently, they gave no hint of a matching territorial compromise that they might offer Syria on the strategically vital Golan Heights.

"Normalization was also mentioned by the Syrians in the past," Prime Minister Yitzhak Rabin said. "The problem is what is the concept of peace and what is the timing for achieving peace and what price Israel will have to pay."

The prospect of giving up at least some territory was raised in parliament by Deputy Defense Minister Mordechai Gur, who said that a national referendum would be held "if the territorial price demanded of us on the Golan Heights is significant."

Mr. Gur, who said he was articulating the government's stand, did not define what he meant by "significant." But by any definition, Mr. Assad's demands are significant indeed: He insists on getting back all 1,160 square kilometers (450 square miles) of the elevated plateau.

But returning the entire Golan, where about 13,000 Israelis live, is extremely unpopular here, notably on security grounds: Before Israel captured the area in 1967, Syria used the heights to shell Israeli communities below.

Mr. Rabin insists that Israel will not withdraw completely from the area. But he has faced intensified protests by skeptical Golan settlers in recent days, along with attacks from rightist opposition leaders who accuse him of having reneged on campaign promises two years ago to remain steadfast on the heights except for minor concessions.

But it was clear that the Israelis felt themselves under pressure from the United States to say something in coming days about their intentions on the Golan Heights.

From Israel's point of view, Mr. Assad may not have said much on Sunday. Israel had wanted him to refer publicly to "normalization," and he did. They also heard Dennis Ross, one of two senior U.S. officials sent here to give them details about the Geneva meeting, assert that the Syrian leader had broken new ground by making a "strategic choice" to make peace with Israel. "It's Israel's judgment what it can do and when it can do it," Mr. Ross told an Israel Television interviewer Monday.

SUNSHINE: Not-So Golden State

Continued from Page 1

tured on the dangers of earthquakes: If the school starts to shake, they were told, dive under your desk, get under a doorway, or follow your teacher outside to the playground.

Once a year, communities observed Earthquake Awareness Day. Hospitals and emergency agencies practiced how they would cope with a major quake.

Disaster planning officials told homeowners to strengthen their foundations and asked cities to make the owners of older buildings reinforce them.

After each significant earthquake, there was usually a brief political flurry. A few politicians said the state must do more to prepare for a major earthquake. But then the disaster planning experts said that in the absence of a reliable earthquake prediction system, there was not much more Californians could do to prepare.

Although it has long been the California way of life to ignore the hazards of life in the state, there is more and more evidence that rainy weather alone is not enough to keep people there.

Almost certainly, the earthquake Monday will accelerate what Governor Pete Wilson has called an alarming exodus of productive, middle-class residents.

It began as a trickle in the 1980s and has become a torrent. With each new week, from the 1989 Loma Prieta earthquake to the bloody rioting that followed the Rodney King verdict in 1992, with each new incident of carjacking or random killing in what may be the nation's capital of gang violence, more and more Californians have been giving up.

Meanwhile, there has been a continuing influx of immigrants from Latin America and Asia, whom Mr. Wilson claims the state is unable to support and educate.

While most states are recovering from the recent recession, California



Workers laying paving stones in a new neighborhood in an Israeli settlement in the strategic Golan Heights region.

SATELLITE: Doubts Arise on Funding System to Fight a Nuclear War

Continued from Page 1

task could be handled by simpler equipment for close to half the cost.

While Milstar's ultimate cost remains unclear because of secrecy, technological uncertainty and its being seven years behind, a variety of government officials say it will approach \$30 billion over the 20 years from the early 1980s to the turn of the century, which is nearly as much as has been spent separately on the missile defense system called the Strategic Defense Initiative.

"It's difficult to believe you could have a six-month nuclear war, but that's what our strategists planned," said Lou Rodriguez, a senior official of the General Accounting Office, the investigative arm of Congress.

"The Defense Department was committed to the program, and it's very difficult to get them to change gears," said Mr. Rodriguez, who has studied Milstar for three years. "The potential for an all-out nuclear war may be a thing of the past. But it's hard to make people break from the past."

The research and development costs of Milstar remain secret, but an analysis of Pentagon records suggests that this part of the total expense has reached \$8 billion.

In addition, the six Milstar spacecraft themselves are the most expensive communications satellites ever designed, costing up to \$1.4 billion apiece. Combining the satellites with the rockets to put them in orbit, the space hardware part of the project will cost about \$10 billion.

Billions more are being spent on thousands of portable computer terminals and data links to connect commanders, covert special opera-

tions units and generals in tractor-trailer trucks that would serve as mobile command centers.

Milstar, which is military shorthand for "military, strategic, tactical and relay system," was conceived as the solution to decades of frustration over the problem of commanding U.S. forces in wartime, according to Pentagon officials and Lockheed Missile & Space Co., the prime contractor for the project. It was to be an indestructible central nervous system coordinating missiles, bombers and submarines, a seamless web of leaders, weapons controls, communications and battlefield intelligence.

Despite the redesigning of the project, a team of analysts from Rand Corp. reported last month that the Milstar system may still be too expensive. Milstar remains "to

"An essential part of our ability to conduct warfare is rapidly deployable and survivable communications," he said. "Milstar's primary contribution to war fighting is that it is a protected secure communications medium, with small rapidly mobile terminals designed to use the satellites and their global connectivity."

Once highly secret, the program was first exposed to general debate four years ago. In the first public government report on the program, the Senate Armed Services Committee said, "The Department of Defense has not justified the extraordinary expense of this over-designed system."

In the past two years, the system has been scaled down. With two satellites completed, the final four will be adapted to meet the needs of commanders fighting conflicts the size of the Gulf War, and redesigned to make them less sophisticated and more practical, though no less costly.

To its supporters, Milstar is a revolutionary communications system that will make the tasks of 21st century battlefield commanders far easier.

"In order for commanders to maintain control in a rapidly moving battlefield environment, they need to be in contact," said Brigadier General Leonard F. Kwiatkowski, the Pentagon's program director for military satellite communications systems.

After the success of ultranationalists and Communists in the Dec. 12 parliamentary elections, Mr. Yeltsin is struggling to respond to pressure from conservatives and centrists like Mr. Chernomyrdin, who want to soften the social impact of economic change by slowing it down.

Mr. Gaidar and Mr. Fyodorov — and the West, at least most of the time — argue that slower reform means more pain for a prolonged period, not less, while the value of the currency is debased and the hidden tax of high inflation undercuts popular confidence.

"The symbolism is very troublesome," said a senior Western banker who asked for anonymity. "I'm not sure we've seen the last act."

Mikhail Poltoranin, a member of Mr. Gaidar's Russia's Choice parliamentary group and a close aide to Mr. Yeltsin, said that Mr. Gaidar could no longer work with Prime Minister Chernomyrdin, an old-style politician who is emphasizing the need for higher social spending and industrial subsidies without worrying too much about the inflationary cost of higher deficits.

"Gaidar and the entire group of reformers," Mr. Poltoranin told the Interfax news agency, "have no right to serve as a cover for the degradation of the economy and management system." He added, "Gaidar's withdrawal is bad for Russia, but there is no other way out."

Many bankers reacted nervously to Mr. Gaidar's resignation and the rumors that Mr. Fyodorov also might quit. In trading Monday, the ruble fell to a record low of 1,402 to the dollar, after a long period of stability. It had traded at 1,247 to the dollar at the end of December and at 415 to the dollar at the end of 1992. Since Jan. 1, the ruble has lost 12.4 percent of its value as concern has mounted over the government's turn away from financial stabilization.

The Russia's Choice faction in the parliament, led by Mr. Gaidar, issued a statement criticizing the changes in the government's direction. "The leadership of the Russian government regularly departs from the course of stabilization and reform while declaring it true to it," the statement said. "In this situation the departure of Russia's Choice representatives responsible for economic and social policy is the only possible decision."

But Mr. Fyodorov, who is not as close to Mr. Gaidar as he is to Mr. Yavinsky, is also said to be reconsidering his affiliation with Russia's Choice, which would further split the democratic camp in the parliament.

First 'Citizen' First Calls His Brother in L.A.

International Herald Tribune

WASHINGTON — President Bill Clinton, admitting that he reacted first like "a citizen" rather than in his official capacity, said he telephoned his brother Monday in the Los Angeles area before making calls to officials in California about the earthquake.

His brother was not injured, and Mr. Clinton said that immediately after determining this he called officials in the state government to discuss the crisis.

Noting that several federal officials had gone to the damaged area, Mr. Clinton did not expect to fly there immediately.

"I think it's important that I not go out there and get in the way," the president said.

U.S., in Talks With Suharto, Links Trade to Worker Rights

By Thomas L. Friedman
New York Times Service

JAKARTA — The U.S. secretary of the Treasury, Lloyd Bentsen, told President Suharto on Monday that while the United States believed that Indonesia was making progress on worker rights, it should do more if it wanted to retain its preferential trade privileges with Washington.

Mr. Bentsen was visiting Indonesia as part of an Asian tour designed to further Clinton administration efforts to get American business to focus more on the rapidly expanding economies of Indonesia, Thailand and China.

Officials said that the Treasury secretary was considering adding a stop in Tokyo on Sunday, for talks with Finance Minister Hirohisa Fujii.

The meeting apparently was being contemplated as part of an effort to quell a brewing confrontation between the Clinton administration and Tokyo over the failure of the so-called framework talks. The talks were set up last year to establish a series of agreements for reducing the American trade deficit with Japan.

Mr. Bentsen also announced on Monday that finance ministers from the 16 members of the Asia-Pacific Economic Cooperation forum would meet in Hawaii on March 18 and 19, to build on discussions of economic cooperation begun in November by the heads of state of forum members at a summit meeting in Seattle.

The ministers will also lay down plans for the next summit meeting, to be held in Indonesia in November. America's 15 partners in the organization, of which Indonesia's President Suharto is chairman, account for 60 percent of American imports and 50 percent of American exports.

In addition to Indonesia's major role in the Asia-Pacific Economic Cooperation forum, the country is expected to spend more than \$100 billion on infrastructure projects by the year 2000.

For these reasons, Mr. Bentsen was seeking during his visit to defuse a potential dispute between Jakarta and Washington over the possible revocation of American trade benefits because of Indonesian human rights abuses. This is a small version of the problem Mr. Bentsen will face when he arrives in China on Tuesday, after his stop in Bangkok.

Indonesia is a beneficiary of a trade provision called

the Generalized System of Preferences, or GSP, under which developing countries are allowed to export a variety of goods duty-free into the United States. To maintain these benefits, countries must demonstrate that they are making progress toward widening the rights of workers.

In June, the Clinton administration said that it was reviewing Indonesia's status under the trade provision, because of the Indonesian government's continued failure to permit basic worker rights, most notably the right to organize. Indonesia permits only one, government-directed, union.

In June, the administration gave Indonesia until Feb. 15 to show more progress on worker rights, particularly the right to strike, or face possible revocation of the trade privileges.

In recent months, Indonesia has authorized the formation of 14 new trade unions, but has insisted that they remain under the supervision of the state-run labor federation.

American officials said that they wanted to keep the pressure on Indonesia to make more progress on worker rights. But in the end, the officials predicted, they will probably pocket the small progress made this year, postpone any revocation of the trade privileges and give Jakarta another year to show more improvements.

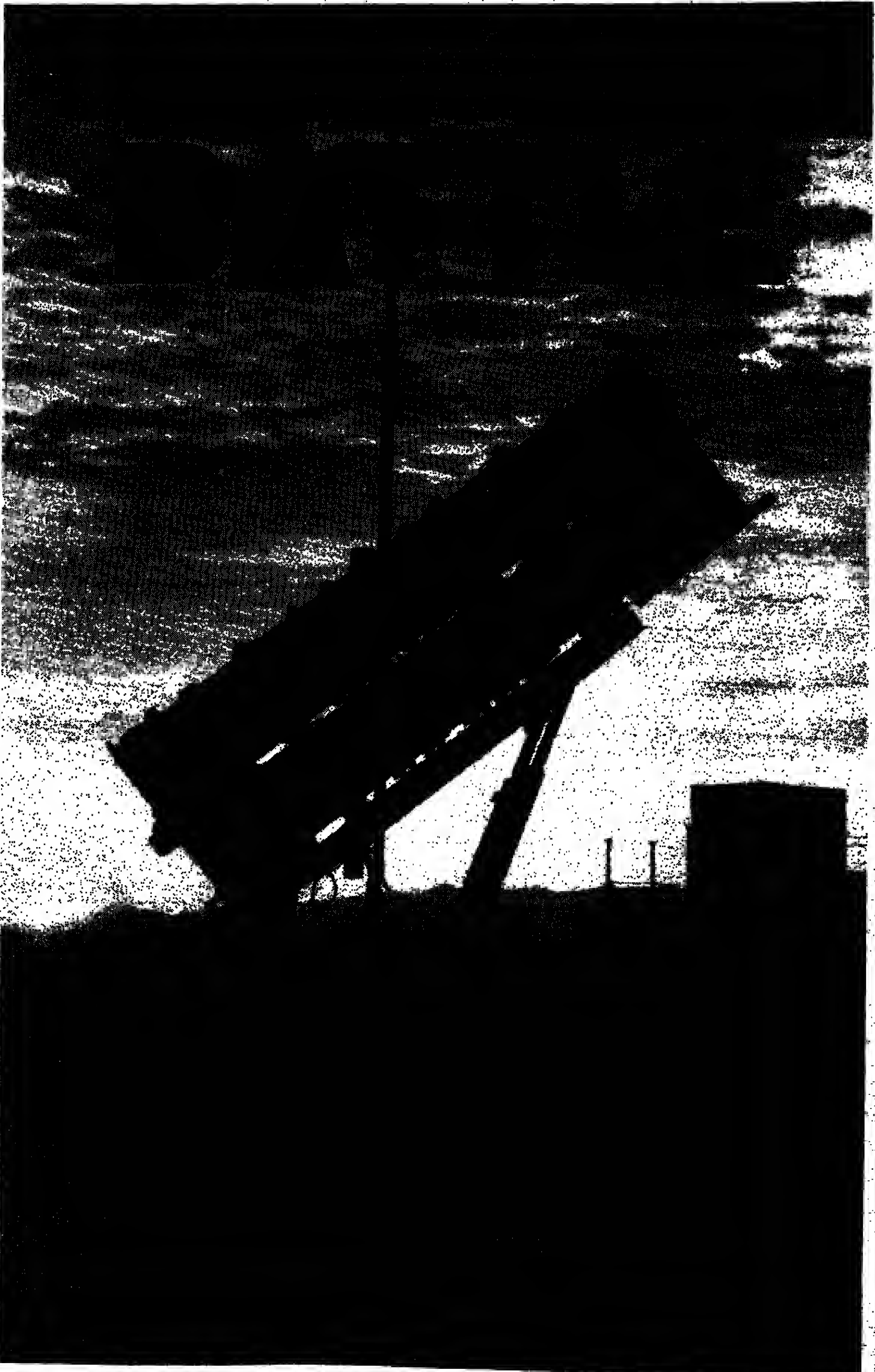
President Suharto told Mr. Bentsen that his government would be delivering its response to American allegations on Jan. 20.

"The question of GSP has not been resolved," Mr. Bentsen said after his talks with President Suharto. "We are looking forward to the submission of a report by Indonesia."

Mr. Bentsen added: "We are urging that more advances be made by Feb. 15."

In 1993, the United States imported about \$4.8 billion worth of goods from Indonesia and exported around \$3.2 billion. Of those totals, \$580 million were Indonesian products exported to the United States duty-free under the GSP trade provision.

On Monday afternoon, Mr. Bentsen addressed a meeting of the Indonesian Economists Association, asserting that trade could promote regional stability. Underlining the blurry lines that now exist in the United States between the secretary of the Treasury, the secretary of state and the secretary of commerce, he declared: "Economic policy is foreign policy."



EARTHQUAKE / 'MOVING LIKE A JACKHAMMER'

Even the Palm Trees Burn Amid Rubble

LOS ANGELES — Explosions of electric transformers lit up the sky, vibrations sent dishes crashing to the floor in homes and cries of panic were heard as Los Angeles reeled on Monday from another earthquake. Radio broadcasters appealed to listeners to stay off the streets, and the authorities asked residents to promptly report gas leaks.

Traffic lights were dead, three major freeways were closed and buses were stopped. Cars formed long lines at the few gas stations that were still operating.

The wail of sirens from fire trucks echoed through the city, mingling with the bells and screeches of burglar alarms.

The usually peaceful San Fernando Valley, which sprawls north of Los Angeles, was transformed by the earthquake into a chaotic picture of fire, smoke, rubble and distress.

"This place was moving like a jackhammer was going at it," said Richard Goodis, a resident of Sherman Oaks. "Our bedroom wall tore away. I was looking at the ceiling one moment, then I was looking at the sky. I thought we were dead."

His wife, Maris Goodis, said the couple had planned to celebrate their first wedding anniversary next month.

"We didn't think we would make it this morning," she said. "We said, 'This is it. I love you.'"

Thousands of people who had fled their burning houses milled about, many wrapped in blankets.

"We had five minutes after the quake before the fire started," said Al McNeill, whose house in Granada Hills was devoured by flames.

"There was a tremendous explosion in the street," he said. "It blew the windows out of the front of our house."

"The whole street was on fire," he added. "Even the tall palm trees were burning. It was a very frightening experience. We lost everything. We have nothing, but nobody was hurt. We're all safe."

Wendy Chalson, clutching a blanket, said: "I'm moving to Tennessee. I'm outta here."

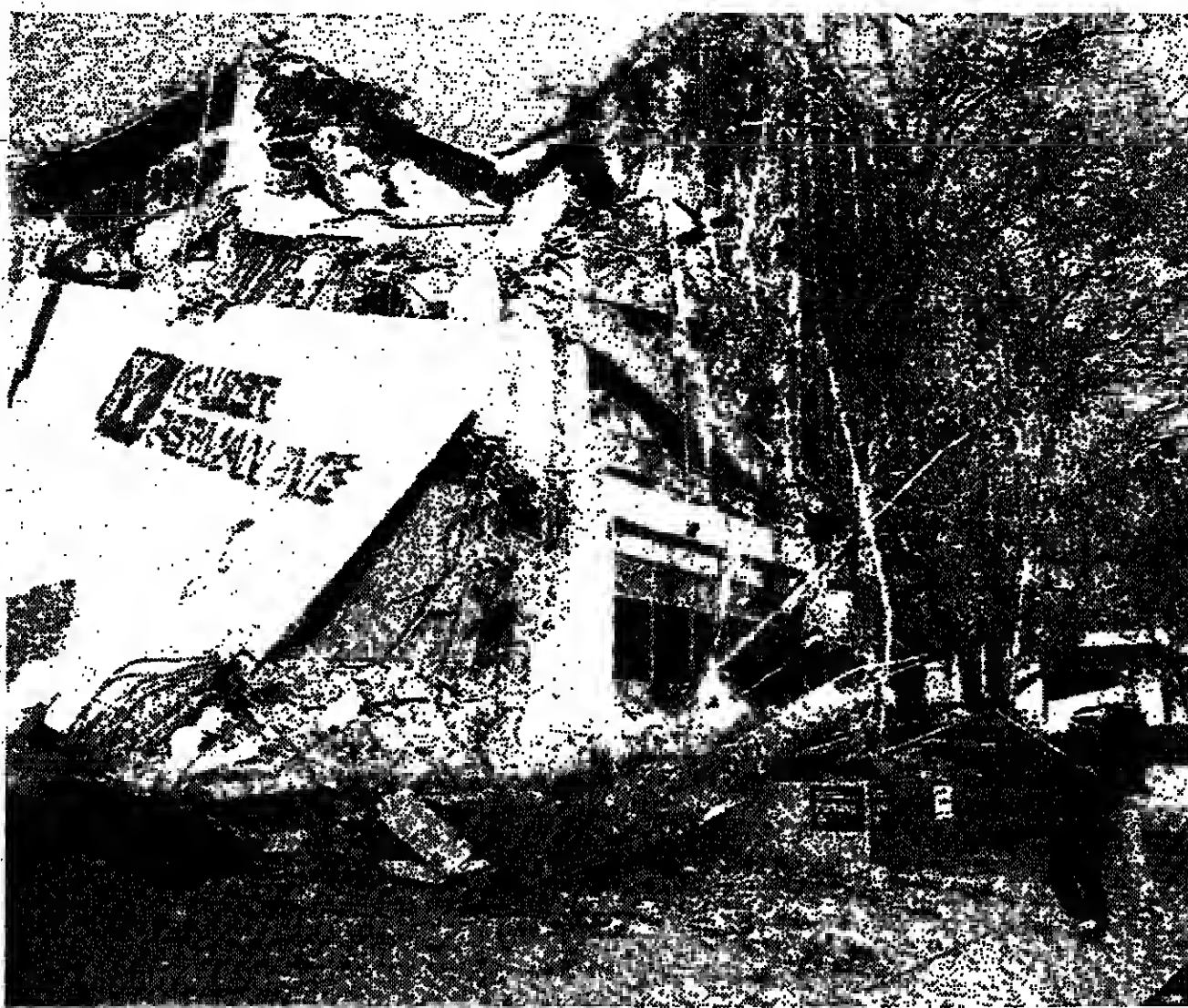
Up the street from her, a three-story apartment building collapsed on top of its underground garage, flattening dozens of cars.

Underground aqueducts failed, shooting plumes of water into the air.

At the corner of Hollywood and Vine, masonry and broken glass littered the Walk of Fame. Punk rockers and dazed late-night revelers mingled with residents at the Hollywood Plaza Retirement Home.

Outside the home, Phyllis Presbrey, 74, said: "I was trying to get out of bed, but I couldn't because it was just rocking too much. I was scared, terribly scared."

(APF, AP)



Passers-by surveying the remains on Monday of the collapsed Kaiser-Permanente health plan building in Granada Hills, California.

Money to Rebuild May Flow Slowly

By Lawrence Malkin
International Herald Tribune

NEW YORK — With the economy of Southern California still stuck in recession, the earthquake there Monday could not have come at a worse time, because money to rebuild is likely to be paid out slowly.

"This disaster does not have a silver lining," said Sean Mooney, chief economist of the Insurance Information Institute, a trade group. He estimated damage at closer to the \$1 billion losses in the 1971 quake in the same area than the \$7 billion of the Loma Prieta earthquake of 1989 in the San Francisco area. But a spokesman for State Farm Insurance Co., the largest writer of home insurance in California, said his "seat-of-the-pants" estimate of damage was higher than the 1989 quake.

Nevertheless these divergent estimates were far below the \$17 billion losses from the hurricane in Florida and the Southeast in 1992, when quick and large-scale repayments to householders helped stimulate the regional and national economy.

Because the quake hit before dawn and on a partial holiday, Martin Luther King Jr. Day, most businesses barely missed a beat. Banks were closed, but the Los Angeles trading floor of the Pacific Stock Exchange was open. Wall Street traded normally except for the computer-linked market of the National Association of Securities Dealers, which was slowed by phone ruptures and finally cut off Los Angeles firms out of the system until service could be restored.

Some of the heaviest damage was caused by the rupture of gas lines that touched off fires in mobile home colonies, which were unlikely to have been insured. More spectacular damage was the collapse of the suburban Bullock's Department Store and the San Fernando Valley headquarters of the Kaiser-Permanente health plan. No serious damage was reported to major real estate in central Los Angeles of the motion picture studios. Paramount Communications, in the midst of a Wall Street bidding war, said its Hollywood studios were unharmed.

Given the expectation of catastrophic losses if "the big one" were to hit California, James Snyder of the Personal Insurance Federation of California said, pressure will increase in Congress for federal underwriting of disaster insurance that would allow companies to hold higher reserves and spread risks nationwide.

Wall Street's immediate reaction was to mark down insurance stocks, but specialists said this was probably temporary. In London, analysts said British companies faced little exposure because they no longer were the force they used to be in the United States.

PROVEN.

On the third anniversary of Desert Storm, Patriot still stands guard.

Three years ago Operation Desert Storm gave our country its fair share of heroes. And Raytheon salutes those brave men and women.

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WE THRIVE ON CHALLENGES

Flights Disrupted In Region

The Associated Press

LOS ANGELES — The earthquake that struck California on Monday morning temporarily shut Los Angeles International Airport, disrupting parts of the domestic air travel network by forcing airlines to scrap or reroute flights.

Two of the four runways at Los Angeles, the fourth-largest airport in the United States, reopened later in the morning, but not before several flights were canceled.

Major airlines reported the situation was improving, but crew members and passengers were having trouble reaching the airport.

United and American Airlines were advising travelers to call the carrier before leaving to take flights from Los Angeles. American delayed at least 15 flights from the main airport and canceled about 20 inbound flights in the morning, said a spokesman, Joan Hotard.

United, the biggest carrier at the airport, diverted some Los Angeles-bound flights to nearby airports. Power was temporarily disrupted at the carrier's main terminal, slowing boardings.

But a spokesman at United's headquarters in Chicago said operations resumed after power was restored and the Federal Aviation Administration inspected its Los Angeles facilities. The airline said it was planning to operate its trans-Pacific and other international flights as scheduled.

There were indications that flights were delayed elsewhere because jets were tied up in Los Angeles.

The quake also caused long-distance telephone carriers to keep calls away from the region to prevent communications jams.

Pacific Bell, the regional phone company, was blocking calls into Southern California to keep the telephone network open to people in the area, said a spokeswoman, Judy Peterson.

Bridge Repairs Limited Damage

By Malcolm W. Browne
New York Times Service

NEW YORK — Although Los Angeles drivers were stunned by the freeway devastation caused by Monday's earthquake, engineers and state officials said damage may have been substantially limited by a \$1 billion renovation program, in which some 300 old bridges and overpasses were reinforced.

According to James Drago, a spokesman for the California Transportation Department in Sacramento, most of the dozen or so bridges that collapsed or sustained major damage in the quake were built before 1971 and had not been reinforced and modernized under the current program. One of the most heavily damaged bridges, on Interstate 10, had actually been scheduled for "retrofitting" beginning next month.

Teams of investigators and highway engineers were only beginning their work late Monday, and they will probably need several weeks to reach detailed conclusions. But several said there appeared to be no single structural cause for the widespread highway destruction, apart from the violence of the quake.

"It's too early to say what gave way, where, and why," Mr. Drago said. "There have been problems with support columns and problems with connections between spans and columns. There doesn't seem to be any weak point that's common to all the damaged structures."

The paralyzing damage to Los Angeles freeways took many different forms. In some cases, reinforced concrete columns disintegrated, dropping entire bridge spans to the ground, experts said. In other places, the tops of columns appeared to have been crushed, causing partial displacement of the spans they supported.

In still other cases, spans pulled loose from their footings, columns and supports, sliding to one side or moving out of alignment with neighboring spans.

"It seems as if the bridge and overpass damage is more severe than it was in the San Francisco Bay area in the earthquake of 1989," said John D. Osteras, a specialist in seismic engineering with Failure Analysis, which sent several teams of experts to Los Angeles to investigate reasons for quake damage.

Although bridges and overpasses were damaged in many parts of the Los Angeles Basin, the most severe destruction was at five locations, Mr. Drago said: Highway I-10, the Santa Monica Freeway, at Fairfax and Le Clerc; the interchange between Highways I-5 and I-14 at the northern end of the San Fernando Valley near Sylmar, where six bridges were down or impassable; two locations on Highway I-5 just north of the Highway 14 interchange; and Highway I-8 at Havenshurst in the San Fernando Valley. Highway 5 is one of California's main north-south arteries.

Highway officials said the earthquake created enough congestion points to disrupt travel and commerce in Southern California for a long time to come: the Santa Monica Viaduct alone, now blocked, normally carries 290,000 vehicles a day.

"It's a question of financial priorities. The cost of preparing for earthquakes has to compete with the cost of sheltering the homeless and lots of other things," Mr. Osteras said of the highway renovation program.

He said hospitals in the area also had been hit unexpectedly hard.

Other Strong California Temblors

Reuters

Following is a list of some of the strongest earthquakes to have struck California this century:

April 18, 1906: The San Francisco fire and earthquake, which measured 8.6 on the open-ended Richter scale, razed more than four square miles of the city. More than 500 people were killed.

March 10, 1925: A quake measuring 6.2 on the Richter scale struck Long Beach, killing 117 people.

Feb. 9, 1971: Los Angeles and San Fernando Valley. Sixty-four people died. Property damage reached \$1 billion. Richter scale measure was 6.5.

Oct. 1, 1987: A quake near Los Angeles that measured 5.3 to 5.9 on Richter scale caused nine deaths and millions of dollars in damages.

Nov. 23-24, 1987: Two quakes, measuring 6.0 and 6.3 on the Richter scale, centered near Westmoreland, a desert community 100 miles east of San Diego. Dozens of injuries were reported, and the damage ran into the millions.

Oct. 17, 1989: Deadliest U.S. quake since 1906 shook the entire San Francisco Bay Area. Centered near Santa Cruz, 50 miles south of San Francisco, it measured 6.9 on the Richter scale, killed 67 people and injured more than 600.

April 22, 1992: A 6.3 quake rocked southern California, shaking high-rise buildings in Los Angeles and causing minor damage.

QUAKE: Fires, Broken Gas Lines and Buckled Roads

Continued from Page 1

be a severe blow to the state's depressed economy.

A regional transportation official, Jim Drago, said that most of the highway network appeared undamaged, despite scenes of destruction at several key freeway intersections.

The major north-south artery, Interstate 5, was blocked by a collapsed overpass. The Santa Monica Freeway was also closed. A city policeman died on his way to work as his motorcycle sped off the end of a severed ramp and plunged to the ground.

Collapsed and cracked buildings dotted the city, including several older buildings in Hollywood. But most homes and office buildings appeared from the outside to be intact, according to local news reports. Many, however, may have sustained heavy interior damage.

Lines formed at some local hospitals as the walking wounded, struck by flying objects or injured in falls, arrived for treatment. A hospital in Ventura put out an urgent call for nurses and doctors to handle the injured, according to ABC News, and other hospitals were operating on emergency power generators. The Red Cross appealed for blood donors.

Earthquake experts said the loss of life would have been far greater had the California legislature not required all structures built in the state after 1977 to meet stringent engineering standards. In most cases, those standards anticipated an earthquake of 7 or higher on the Richter scale, officials said. Many buildings underwent renovations in anticipation of earthquakes, which have long plagued the entire state.

In Northridge, in the San Fernando Valley, a 64-car freight train carrying such hazardous materials as sulfuric acid, dieldrin, but there were no immediate reports of serious injury.

In suburban Sylmar, more than 70 homes were destroyed by fires, Reuters reported.

Mr. Clinton said he had spoken by phone to Governor Wilson and the mayor of Los Angeles, Richard Riordan, to assure them of federal assistance.

"I ask the American people to remember the people of Los Angeles County in their thoughts and prayers today," the president said in a nationally televised appearance scheduled in honor of Mr. King.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

France Needs a Changer

It is hard not to admire Edouard Balladur. Courteous, deft, unflappable, Mr. Balladur is in many ways the French equivalent of Harold Macmillan, Britain's ever calm prime minister of 30-odd years ago.

By polite unflappability, Mr. Balladur did well for France's farmers in the GATT deal (although at a cost to other Europeans, including other Frenchmen). He recently avoided a little local difficulty—a favorite Macmillan phrase—by deftly returning to Iran two suspected Iranian terrorist-murders who should by rights have been sent to Switzerland for trial. The opinion polls show that the French greatly like him as prime minister, and might well make him their next president, a prospect he is now plainly courting.

Yet it is also hard not to suspect that the politics of impermutability, which is what Mr. Balladur stands for, are as little right for present-day France as impermutability Mr. Macmillan was for the Britain of a generation ago. Post-empire, post-Suez Britain needed not a courteous manipulator of the status quo but a leader who could see why change had to come. Mr. Macmillan could not see. Post-Cold War, post-German-unification France cannot afford the same mistake.

A policy of leaving things as they were has been bad for the French economy. Mr. Balladur has deepened France's recession by keeping the franc tied to the Deutsche mark, even after last summer's collapse of the European exchange rate mechanism removed any obligation to do so. French unemployment has therefore risen to 12 percent, one of the worst rates in the European Union. There were almost 10 percent more French bankruptcies in 1993 than there were in 1992.

This was not necessary. France could almost certainly have cut its interest rates more sharply, and started getting its people back to work, without a serious risk of inflation. It chose not to do so chiefly because Mr. Balladur wanted to keep the franc linked to the mark as a symbol of French-German unity. But in the 1990s that unity seems increasingly hollow, as a bigger Germany looks to its east

rather than its west. If Germany's own troubles keep German interest rates high in 1994, the French will not enjoy paying an even bigger price for a piece of symbolism.

The lengthening line of the workless has now led Mr. Balladur into another piece of dubious deftness. He would like to create a large number of new jobs in the service sector—bank guards, supermarket car park attendants and so on. The aim is admirable, but how is it to be done? If the government simply requires a company to take on extra workers, the company's costs and prices will rise, sales will fall and somebody else's job will be at risk. If the government covers the cost with a subsidy or tax relief, the government either has to raise more tax elsewhere (with the same effect) or has less to spend on other unfortunates. Such job-creating measures too often turn out to be mere job-shuffling. Something more radical is needed.

A failure to get to the root of things has its own damning logic. Mr. Balladur spelled out, in an interview with the *Financial Times* on Dec. 31, his case for a version of Fortress Europe. Like landowning aristocrats, the Europeans have built up for themselves a comfortable life which is hard to defend against competition from outside. But it is necessary to defend it, he says, because Europe stands for civilization against the law of the jungle. Come, Mr. Balladur.

It is not just in economics that France needs to shake itself out of old ways of thinking. The old French belief that Europe can be run by a partnership between an equal France and Germany has been exploded by the end of the Cold War and the new growth of German power. The old Gaullist instinct to keep America at arm's length wavers as Europe faces new challenges to its east and south.

The world has changed. In 1994 that could see Helmut Kohl removed from office, with Britain still self-absorbed and Italy still in disarray. France needs more than a Macmillan. It needs a leader who can master change. Let Mr. Balladur show that he is such a man.

INTERNATIONAL HERALD TRIBUNE

Stable Prices, Flat Wages

Inflation has now remained relatively low in the United States for three years, and it continued to decline slightly in 1993. That is good for the country, particularly since the Clinton economic strategy depends heavily on low interest rates. Declining inflation will do more to keep interest down than political exhortation ever can. But amid the celebration there are a couple of cautionary thoughts to keep in mind.

One powerful reason for low inflation is that oil prices fell last year. Inflation is down not only in America but in all the industrial countries around the world, for oil is the single most important commodity in the economies of all of them. Americans often talk as though economic conditions in the United States were manufactured at home in response to the president's policies. But oil is currently cheap entirely because of things that are happening elsewhere. Western Europe and Japan are gripped by severe recession, and turmoil in Russia is drastically reducing oil consumption there. Last fall OPEC attempted to support prices by lowering its ceilings on production, but the cartel's quarrelsome members could not agree on a division of their shrinking market. Because the Middle East is producing a little more oil than its customers

want, mortgage rates are falling in Washington. Low inflation also reflects wages that have been flat or declining for some years. Wages can rise without pushing up the inflation rate, but only when productivity goes up. It has indeed been going up, but only very slowly. The result is that earnings have not kept up with inflation, and working people's compensation is slightly lower today in its actual buying power than it was a decade ago.

That is the great puzzle for the people who make policy: how to get wages moving upward without a similar lift in inflation that takes all the gains away again. One hope is that low interest rates will encourage business to invest more rapidly in the new plants and machinery that mean more efficient production. Another is that the labor force, no longer absorbing young people as fast as in the 1980s, will reflect rising skill.

But that is all pretty speculative. There is an element of mystery in the process of productivity growth. It is possible that the next great surge requires a technological leap that has not yet been invented. In the meantime, experience has richly demonstrated that living with flat wages is easier when prices are stable.

—THE WASHINGTON POST

Interactive Video for All

Vice President Al Gore envisions an America where poor children sit in front of a television tapping information from the best libraries in the country, where physicians examine patients hundreds of miles away, and where everyone calls up a vast array of newspapers, movies and encyclopedias at the flick of a television controller.

It's a worthy vision. And Mr. Gore has offered sensible principles to make his vision come alive. Congress would invite cable and telephone companies to compete as an incentive for them to build two-way communication networks. In exchange, networks would have to make interactive video widely available to homes and businesses.

Just a year or two ago, experts thought government would have to build high-tech networks to the home. But private cable and telephone companies have made it clear that they would be willing to install fiber-optic networks if regulatory roadblocks that prevent telephone companies and cable companies from competing were knocked away.

That is what the administration proposes to do by backing bills already in Congress. The idea is to have two or more companies competing to bring both telephone and video services to the home. But the vice president also proposes setting an important condition: Washington will insist that communications networks provide universal service. That means that every home can join the network. He also wants the networks to open their transmission lines to any company that wants to sell an information service to home and business subscribers.

The administration's broad principles leave

important issues unsettled. Will universal access include video services? If so, it could be hugely expensive, and the vice president did not say who would pay. Congress is not likely to raise taxes to subsidize hookups for the poor, that leaves the cable, telephone and information service companies to foot the bill. The danger is that they will decide not to pay. Mr. Gore must show how universal access can be made compatible with competition.

Another issue that Mr. Gore left unresolved is when to let local telephone companies enter markets for long-distance telephone service, equipment manufacture and information services. The issue is politically charged because it pits regional telephone companies against formidable foes like AT&T and newspapers.

The danger of letting the regional telephone companies branch out is that they would be tempted to pass along some of the cost of their new services to their captive local ratepayers, giving them unfair advantage in their new ventures. One option would keep the telephone companies out of new services until they faced competition in their home telephone markets; that competition would prevent them from price-gouging local telephone customers. Another option—which AT&T and newspapers distrust—would let the regional companies branch out only immediately by putting regulatory safeguards in place.

Mr. Gore has not filled in all the bricks of a new communications policy, but he has supplied a sound foundation. Private investment is to put in the superhighway; everyone gets to take a ride. The remaining task is to write rules that make the pieces fit together.

—THE NEW YORK TIMES

Empty Words Don't Put Down Nationalist Extremism

By Anthony Lewis

PALO ALTO, California — In the images that pass for statecraft, Bill Clinton's European tour was a great success. He charmed the leaders of Eastern Europe while denying them NATO membership. He was as impressive in a Russian as in an American town meeting. He and President Boris Yeltsin agreed to point their nuclear missiles away from each other.

But the missiles can be retargeted in minutes. And charm will not count for much with Rus-

'They talk of prosecuting war criminals, but do nothing to stop the crimes. May God forgive them. May God forgive us all.'

sians or East Europeans when they face the menace that really threatens them.

Fascism is the growing danger in Europe: extreme nationalism that expresses itself in murderous hatred of other ethnic, religious and racial groups. It is there in the rise of Vladimir Zhirinovskiy in Russia, the ethnic feelings on

the boil all around the former Soviet Union and the violence of Serbian terror in Bosnia.

Comfortable Americans have very little sense of how terrifying nationalist extremism can be. I had a tiny taste of it the other day in a public meeting here at Stanford University, when a number of Serbian-Americans rose to speak about the war in Bosnia. Serbs were only fighting for their freedom, they said. The world was trying to destroy the Serbian nation. Serbs could not live as part of another country, Croatia or Bosnia. Finally, one man denied that Serbian forces were shelling Sarajevo.

The speakers were no doubt sincere. That made the extremity of their words the more chilling. For there was the paranoiac that is the hazy dream of hate. There was the terrible claim that distant members of the mystical nation, like Germans in Czechoslovakia or Sudetenland in 1938, must be physically joined to the Fatherland.

The powerful feelings of those Serbian-Americans showed how effective — how dangerous — a nationalist demagogue can be. In-

stead of grieving because their nation has been led into aggression by a thing, Slobodan Milosevic, they accept his demagoguery as gospel.

No serious person who looks at Europe today can doubt that nationalist extremism is the main threat to its peace and security in the post-Cold War years. Nor doubt, I believe, that Serbian aggression in Bosnia is the first, urgent test of the North Atlantic Alliance's ability to meet the threat.

NATO has reacted so far with empty words: promises to bomb the Serbs if they go on shelling Sarajevo and trying to starve out Bosnians in other surrounded pockets. At the NATO meeting in Brussels, President Clinton and the others said the words again.

So far as anyone can tell they remain empty. Mr. Milosevic knows that, and surely Mr. Zhirinovskiy does. "If a local Balkan thing can stand up to NATO and the world's last superpower, what might a Russian fascist with a nuclear arsenal feel confident enough to try?" The question was asked last week by Stephen W. Walker, one of five State Department officials who have resigned over U.S. policy toward Bosnia.

Mr. Walker spoke of "our capitulation in the Balkans." He said it "emboldens Zhirinovskiy

and others like him, encouraging their use of nationalism as the ideology of intolerance, hatred and war." Can Mr. Clinton and his advisers really fail to understand that obvious truth?

Many Westerners have pushed the daily horror of Bosnia out of their minds. It is a faraway place of which they know little, they think. It is complicated. The hatreds are ancient.

Those are the excuses, the avoidances. The reality is that Serbian extremists are trying to exterminate other people, other cultures. If we cannot hear the cries of the victims, perhaps we can credit the testimony of a neutral witness.

A Canadian diplomat, Louis Gentile, wrote to *The New York Times* the other day about what he was seeing in Bosnia. A Bosnian city occupied by Serbian forces: men and women, civilians, confronted in their homes and shot in cold blood; all 16 of the city's mosques destroyed, and half the Catholic churches.

"The so-called leaders of the Western world have known what is happening here for the last year and a half," Mr. Gentile wrote. "They talk of prosecuting war criminals, but do nothing to stop the crimes. May God forgive them. May God forgive us all."

The New York Times

Children of Inner Cities Can Be Worse Off Than Children of War

By Nan Dale

DOBBS FERRY, N.Y. —

For about six weeks at the end of last year, eight veteran workers from Children's Village, a large residential treatment center for acutely traumatized and troubled youth, went to work in a refugee camp in Croatia to try to help youngsters brutalized by the war.

The International Rescue Committee, our sponsors, felt that our experience with New York's most troubled children would be relevant because there are not enough trained people in Croatia and Bosnia to cope with the escalating problem of aggressive, traumatized youth.

At first glance, the kids we met at the camp in Varazdin looked much like the kids when we work. We recognized the familiar swagger that covers up adolescent hurt, confusion and fear. We recognized the numbed sadness that masquerades as slyish apathy — or leads to suicidal talk.

But then we recognized a surprising difference. The youths in New York are far more wounded.

The war has interrupted and twisted the lives of children in full bloom and severed them from family and friends. By contrast, the interminable, insidious and undeclared war on the poor

in America has robbed a generation of ever starting childhood.

The children of Croatia and Bosnia need large-scale assistance to reclaim hope and rebuild their lives. The children of America's poor need an outpouring of both national resources and compassion to create hope and allow them to build a future.

The children of refugees and displaced persons in the former Yugoslavia have lost everything, suddenly and mercilessly. They have lost their home, community, friends and all or most of their families. They rarely know where their father, uncle or older brother is, unless they witnessed the murders.

Many saw them dragged to a concentration camp and never heard from them again. Often the torture, rape or deportations they saw or experienced came at the hands of someone they had called friend or neighbor.

By and large, before the war the youths in the refugee center had intact families, good parents and safe communities, and had well-developed personalities and healthy self-esteem.

The older kids told us the war was created by power-hungry politicians; they saw their country as damaged,

not themselves. They did not feel loved or unlovable, just unlucky.

That they are doing as well as they are is a credit to the prewar society, which instilled self-esteem, values and expectations. As Serb, a teen-ager told me: "I need to have goals and I know I could reach them. Now I live from day to day."

The young people of Bosnia and Croatia have every reason to feel profound anger as they contemplate their future — every reason to feel a desire for revenge. They need help desperately. By contrast, the youngsters at Children's Village, like so many others from inner-city neighborhoods across America, have suffered traumas that started at birth; for them, there has rarely been a cease-fire.

Pervasive and persistent poverty, fragmented families, chronic abuse and neglect, inadequate and unsafe housing and schools, lack of job opportunities, and racism — these things are as lethal as mine fields.

The team from Children's Village expected that an actual war, especially one of such grotesque intensity and duration, would cause more

harm than anything, especially to the young. We were wrong.

The kids at Children's Village have no prewar peaceful memories, hopes or aspirations to guide them. When they arrive, they often tell us, as Ronald did: "It's hard to know what I want to be. I can't think of anything."

At night, kids like Ronald are afraid of the dark; always they are afraid of themselves and the world that has afforded them so little protection. Most have come from families in violent communities who long ago lost the struggle of living without opportunities or essential resources. Community-based support systems have generally been too little, too late.

In such a war zone, scores of families have imploded, and the adults, exhausted or defeated by their struggles, cannot or do not function as effective parents. When all this leads to extreme family violence or drug and alcohol abuse, the children's frail self-esteem collapses.

All too often, the kids at Children's Village have been so acutely abused or neglected and shuffled between so many homes that they are unable to contain the rage and despair that have come to define them. Along with their sadness and fear, they have

become fearfully aggressive, delinquent or self-destructive.

Feeling unworthy and unlovable — not unlucky — they define themselves as "bad," to preserve a fantasy that a parent or some other caretaker is "good." Their stories are often about how defective or "mean" they are, not about what has been done to them.

Only grudgingly can they address the problems of sexual and physical abuse, the horror of living in a cardboard box on the street, a mother who went out for cigarettes and never came back, being sold into pornography to pay for cocaine.

These children are far from beyond repair. We know what is needed and we know how to do it. But it takes more time than a society looking for quick fixes and easy answers is usually willing to give.

That the victims of the war in Croatia and Bosnia need help is undeniable. We must do much more. The undeclared war on America's children is more subtle and more insidious than the thing we call war.

It is also more inexcusable.

The writer, executive director of Children's Village, contributed this column to The New York Times.

Clear the Tracks and Keep the Mideast Express on Schedule

By Gideon Rafael

JERUSALEM — No conflict in this century has lasted as long as the Arab-Israeli conflict, which has erupted into five full-scale wars over a period of 45 years. No wonder, then, that the negotiations to end it have been so arduous and protracted.

Egypt was the first power in the Middle East to realize that the global and regional conditions for a peaceful settlement with Israel had matured, and it acted on this knowledge with wisdom and experience.

And on Sunday, 15 years after Egypt's Anwar Sadat concluded peace with Israel, President Hafez Assad proclaimed after a meeting in Geneva with President Bill Clinton that Syria was willing to establish normal and peaceful relations with Israel.

While this declaration removed a major obstacle from the Syrian-Israeli track, the PLO leadership, committed to peace with Israel by the Oslo accord, is delaying the negotiations for its implementation. The emergence of the Palestine Liberation Organization from the underground of anarchic terrorism to the surface of orderly diplomacy has been marked by unsteadiness, aggravated by the pendular swings of its chairman, Yasser Arafat. Devoid of the experience of modern governance, the PLO leadership lacks the primary attributes of responsible statesmanship: to instill confidence, decide with common sense and act with competence.

Mr. Arafat's transmutation from underground fighter to trustworthy statesman seems to be causing him considerable discomfort — as it is to his negotiating partners. He combines the brinkmanship of a man of violence with an irrepressible urge to haggle. His record of broken agreements is

unsurpassed in the contemporary history of the Middle East, from cease-fire violations in Lebanon to his renunciation of solemn undertakings with Jordan.

The euphoria that followed the signing of the Israel-PLO accord yielded to somber disillusionment when the parties to the declaration began to put its principles to the test of performance. The Oslo accord, while setting out a timetable, fails to define the means of implementation. Those who forged the agreement seem to have followed the Henry Kissinger method of "constructive ambiguity," but without the necessary statecraft.

There are other factors hampering the progress of Israeli-Palestinian negotiations. The PLO leadership, although it has been reined in by Mr. Arafat at critical junctures, is divided on some of its aims in the negotiations. And the status of the two teams differs greatly. That of Israel represents the government of a democratic state with a critical parliament, while that of the PLO represents a nongovernmental organization run by an autocratic chairman whose authority is being increasingly challenged by his executive committee and questioned by the people he claims to represent.

Bargaining efforts have been diffused by the multiplicity of negotiation subcommittees, which lack the continuous guidance of an authoritative steering committee. Instead of establishing itself as a permanent conference body, supervising the progress of the negotiations, a liaison committee meets sporadically at a variety of locations including Oslo, Versailles and Cairo. This invites the

comment that never have so many traveled so far to do little effect.

The greatest obstacle to progress has been Mr. Arafat's attempt to defeat Israel on a central and non-negotiable issue: Israel's security requirements during the interim period. As stipulated in the Oslo accord, these requirements include Israel's responsibility for external security, for border control and for the official crossing points along existing lines and international boundaries.

Mr. Arafat's drive at this early stage to establish the foundations of a Palestinian state with sovereign prerogatives contravenes the framework agreed to in the Oslo declaration. He pushes for too much too soon. Checked by Israel, Mr. Arafat relapses into his favorite habit: grandstanding.

But Mr. Arafat, like a tightrope walker, must watch his balance. Any misstep could bring him crashing down. Admittedly, he has demonstrated remarkable agility, daring and resilience over the years. His expulsion from PLO headquarters in Beirut, engineered by Ariel Sharon to end any dream of Palestinian independence, ironically paved Mr. Arafat's way to Jericho.

But to embark on this most important journey he had to abjure violence, seek reconciliation with Israel and secure the recognition of the United States (the PLO's most important gain from the Oslo accord). This replenished Mr. Arafat's depleted political resources and could help refill his coffers, emptied by the PLO's reckless support of Saddam Hussein during the Gulf War.

Mr. Arafat pledged during the ceremony on the White House lawn to pursue a peaceful settlement of the conflict by compromise and conciliation. His credibility depends on his

performance. His political survival and the future of his organization are at stake.

The United States would perform a useful service to the parties to the negotiations by conveying this message to Mr. Arafat and his associates: Their only real choice now is to proceed rationally and realistically toward their goal — ending the plight of their people — by way of Gaza and Jericho. If they attempt to overreach, they will only bring down the carefully designed peace structure like a house of cards.

Procrastination — and this goes for both sides — can only lead to more senseless bloodletting and exasperation. This is no time to play hot-and-cold games of political posturing. Mr. Arafat should not forget that King Hussein of Jordan, President Assad and Prime Minister Yitzhak Rabin know the other roads to end the conflict.

A show of reasonableness and flexibility by the negotiating sides, together with the energetic support of their friends, can clear the track of obstructions, preventing derailment of the peace effort. Negotiations between entrenched antagonists have never been easy. But if the contending sides were to proceed in the spirit of Edmund Burke's definition of the art of diplomacy, "to grant graciously what one no longer has the power to withhold," they surely would arrive at their destination ahead of time.

This also applies to the Syrian-Israeli track — which is destined to lead to another signing ceremony on the White House lawn.

The writer is a former director general of the Israeli Foreign Ministry and former ambassador to the United Nations. He contributed this column to the International Herald Tribune.

When Top Economists Promote Unemployment for the Millions

By Robert Kuttner

BOSTON — Having spent three days at the annual meeting of the American Economic Association, I come away with new appreciation of why Thomas Carlyle called economists the Dismal Science.

At several panels, some of America's most distinguished economists actually expressed concern that the economy was growing too fast. Mar-

Economists phobic about inflation in the current economy are living in the '70s, not the '90s.

tin Feldstein, head of the prestigious National Bureau of Economic Research, warned that unemployment was coming down to a dangerously low 6 percent, the level he thinks will trigger inflation. He recommended that the Federal Reserve Board raise rates now to cool the economy down.

Mr. Feldstein, a conservative, was chairman of Ronald Reagan's Council of Economic Advisors. But on the same panel, Allan Blinder, a liberal who serves on Bill Clinton's economic council, declared that the economy might tolerate unemployment as "low" as 3.5 percent.

If these are the poles of mainstream debate on unemployment and growth, the profession is dismal indeed. Six percent unemployment is 8 million souls out of work, with all the personal and family devastation that that represents.

In fact, the current American recovery is still the most feeble of all the recoveries since the Great Depression. Only in the final quarter of

1993, more than 30 months after the recovery officially began, did the economy attain a tolerable growth rate of about 4 percent. And most forecasters think that growth will slow in 1994 as tax increases bite.

While more than 2 million new jobs have been created, nearly a third are part-time or temporary. The country's largest employer is now Manpower Inc., the temp agency. And the wave of corporate layoffs shows no signs of abating.

The relationship between growth, employment and inflation is one of the profession's hoary chestnuts. Supposedly, in good times demand rises and products and workers become scarce. Producers then raise their prices, and employers have to raise wages in order to attract workers.

This supposed trade-off between inflation and unemployment is known as the Phillips Curve, a contrivance whose main virtue is that it can be conveniently drawn on a blackboard for freshman economics students. However, a look at the experience of actual economies suggests that the relationship between inflation and unemployment is anything but stable.

During the post-World War II boom, many countries with relatively full employment also had low rates of inflation, because employers had deals with unions to limit wages.

There was a time, in the late 1970s, when inflation was a genuine danger in the United States. The causes were rising prices of oil and other raw materials, food shortages, a speculative real estate boom and a society in which wages and benefits were automatically raised as prices rose, which caused inflation to feed upon itself.

But every one of those factors is inoperative today. Economists phobic about inflation in the current economy are living in the '70s, not the '90s.

Despite a recent increase in gasoline taxes, gas prices at the pump have fallen to under a dollar a gallon in many states. Food is cheap and plentiful, and will become even cheaper thanks to the successful trade liberalization under GATT. The air has gone out of real estate prices.

Given the continuing decline of trade unionism, workers lack the bargaining power to demand wages in excess of productivity increases. Those who press for unjustifiable wages price themselves out of a job.

Increasing world trade also explains why there is no inflationary pressure from workers' wages. American real wages have been falling, partly because hundreds of millions of workers overseas will do the same jobs more cheaply.

With weak unions, free trade, and corporations continuing to shed workers and reduce labor costs, wages are not going up in America even as unemployment comes down.

And although the United States is enjoying a modest and tenuous economic recovery, the rest of the industrial world — Americans' customers — remains in recession. Given an

integrated global market, the U.S. economy is unlikely to become overheated when trading partners are still in the doldrums.

The only notable source of inflation in the economy today is health costs. But this problem reflects flaws in the health care system and has nothing whatever to do with the overall rate of growth or unemployment.

All these changes radically transform the relationship between growth, unemployment and inflation. That would have made for a truly

interesting discussion. Instead, one keeps hearing the same stale conversation based on outmoded assumptions, and reaching against — of all things — too much prosperity.

As the country's economic theorists sitly condemn millions of people to joblessness, I can imagine one salutary connection between inflation and unemployment: It would usefully deflate the pretensions of these experts if a few such economists also became unemployed.

Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Trouble in Tuscany

ROME — By Royal decree the province of Massa and Carrara has been declared in a state of siege. General Heusch has been appointed Commissioner Extraordinary, with full powers. The Royal decree is preceded by a report of the Ministers of the King setting forth the violence committed by armed bands, which have gone so far as to engage in a combat with the government authorities yesterday morning [Jan. 16] near Carrara, into which town the rebels tried to penetrate in order to stir up the people to insurrection, but from which they were driven back.

1919: Spartacists Killed

BALE — The killing of Karl Liebknecht and Rosa Luxemburg is confirmed by a telegram from Berlin. The wording of dispatches would seem to indicate that Liebknecht was shot by someone in the crowd round the automobile conveying him to

prison. The official report on the death of Rosa Luxemburg states that she was killed in the automobile taking her to prison. It had not gone far when a man from the crowd sprang on the step and fired a revolver point blank at the prisoner.

1944: Soviet Charge

MOSCOW — [From our New York edition:] The Communist Party organ, "Pravda," published a report which, although plainly labeled as a rumor from Cairo, amounted to an official accusation that Great Britain was something out of Germany on the possibility of a separate peace. The report said that two British officials had met secretly with Joachim von Ribbentrop, German Foreign Minister, with the "aim of finding out the conditions of a separate peace with the Germans." British officials said they could not understand either the report or the publication of it, and that they did not believe it.

International Herald Tribune

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OPINION

For the West, the Real Issue Is the Debilitation of NATO

By William Safire

WASHINGTON—Now we know why Vice President Al Gore was suddenly despatched to Budapest last month, ostensibly to attend a funeral. He met secretly with Leonid Kravchuk, the Ukrainian president, to set up the most important function for the European summit: to act as catalyst in moving Ukraine's nuclear missiles back to Russia to be dismantled.

American tax dollars cannot be better invested than in such disarmament. Although the "rearming" of missiles away from cities was meant

Clinton thinks of Bosnia as a sad sideshow, but it has become the main event, the test of NATO's will to enforce the peace. Of what use is a paper partnership to East Europeans, who have been betrayed before?

ingless flickery, the tripartite agreement signed by Boris Yeltsin, Mr. Kravchuk and Mr. Clinton was a triumph of good sense and skillful American diplomacy.

The bellybush of summitry shored up the Ukrainian leader in persuading parliamentarians—who could still queer the deal—to trust Russia.

The worrisome part of the agreement is the hint that some private "security guarantee" was given to Ukraine, perhaps by Mr. Clinton. If hostilities break out between these two glooming neighbors, the American president cannot then surprise us with anything like, "Oh, I forgot to tell you—if Moscow nukes Kiev, I promised massive retaliation."

Should Mr. Clinton ever again face press and public in a prime-time East Room press conference, he must be prepared to say what commitments, if any, he has made to close this worthy deal.

In the cause of reducing global nuclear risk, prospective intelligence aid to Ukrainian defense may well be desirable. But the days of Rooseveltian secret agreements are gone; for America's word to be its bond, it requires Wilsonian "open covenants."

The question is not "How did Clinton do?" The disarmament brokerage, aided by the promise and deadline of a summit, made the trip worthwhile. Although Mr. Yeltsin's promise to continue economic reform rang hollow when he fired his leading reformer, Yegor Gaidar, after waving good-bye

to the Americans, world aid is properly tied to ending the inflation that Moscow causes by foolishly subsidizing Communist-era plants.

The question is rather this: "What can we do to deal with the debilitation of NATO?" Mr. Clinton thinks of Bosnia as a sad sideshow, but it has become the main event, the test of NATO's will to enforce the peace. Of what use is a paper partnership to East Europeans, who have been betrayed before?

That reduced the American president's role to a feeble exhortation about not threatening to strike Serbian gunners by air "if you don't mean it." He has adopted the role of spectator, commenting sagely on the inaction of others, when what NATO urgently needs is a forceful push from its most powerful member.

All the talk about extending Western protection eastward is so much hot air when the West refuses to act collectively to stop the plundering of a small state by its neighbors.

The North Atlantic Treaty Organization is not a scrap of paper, nor a club where members defend their exclusivity; it is the concerted will of democratic nations to resist tyranny's aggression. That remarkable will is what worked against the Soviet threat. Presidents George Bush and Bill Clinton did not realize that the collective will to resist an invasion is bleeding to death in the Balkans.

As Ethiopia was the test of the League of Nations, Bosnia is the test of NATO. If we do not blast besiegers, if we do not arm and train defenders—then what assurance does Ukraine have that its borders are safe? What's the use of paper partnership to the Czechs, Poles, and Hungarians, who have been betrayed before?

The way to keep a U.S. military presence in Europe is for NATO nations to manifest their will to enforce the peace. Where there is no will, there is no way.

The New York Times



The Lawbreaker

A Destructive Culture of Critique

By Deborah Tannen

WASHINGTON—I put the question to a journalist who had written a vitriolic attack on a leading feminist researcher: "Why do you need to make others wrong for you to be right?" Her response: "It's an argument!" That is the problem.

More and more these days, journalists, politicians and academics treat public discourse as an argument—not in the

sense of making an argument, but in the sense of having one, of having a fight. When people have arguments in private life, they are not trying to understand what the other person is saying. They are listening for weaknesses in logic to leap on, points they can distort to make the other look bad. We all do this when we are angry, but it is the best model for public intellectual interchange?

This breakdown of the boundary between public and private is contributing to what I have come to think of as a culture of critique.

Fights have winners and losers. If you are fighting to win, the temptation is great to deny facts that support your

opponent's views and present only those facts that support your own.

At worst, there is a temptation to lie. We accept this style of arguing because we believe we can tell when someone is lying. But we can't.

Paul Ekman, a psychologist at the University of California at San Francisco, has found that even when people are very sure they can tell whether or not someone is dissembling, their judgments are as likely as not to be wrong.

If public discourse is a fight, every issue must have two sides—no more, no less. And it is crucial to show "the other side," even if one has in scour the margins of the fringes of lunacy to find it.

The culture of critique is based on the belief that opposition leads to truth.

And because people are presumed to enjoy watching a fight, the most extreme views are presented, since they make the best show. But it is a myth that opposition leads to truth when truth does not reside on one side or the other but is rather a crystal of many sides.

Because the culture of critique encourages people to attack and often misrepresents others, those others must waste time and creativity correcting the misrepresentations and defending themselves. Serious scholars have had to spend years of their lives writing books proving that the Holocaust happened, because a few fanatics who claim it didn't have been given a public forum.

Those who provide the platform know that what these people say is, simply put, not true, but rationalize the dissemination of lies as showing "the other side." The determination to find another side can spread disinformation.

The culture of critique has given rise to the journalistic practice of confronting prominent people with criticism couched as others' views. Meanwhile, the interviewer has planted an accusation in readers' or viewers' minds. The theory seems to be that when provoked, people are spurred to eloquence and self-revelation. Perhaps some are. But others are unable to say what they know when they are hurt, and begin to splutter when their sense of fairness is outraged. In those cases, opposition is not the path to truth.

When people in power know that what they say will be scrutinized for weaknesses and probably distorted, they become more guarded. Public figures who once gave loquacious, free-wheeling press conferences now limit themselves to reading brief statements.

When less information gets communicated, opposition does not lead to truth. Opposition also limits information when only those who are adept at verbal sparring take part in public discourse, and those who cannot handle it, or do not like it, decline to participate.

This winnowing process is evident in graduate schools, where many talented students drop out because what they expected to be a community of intellectual inquiry turned out to be a ritual

game of attack and counterattack. In many university classrooms, "critical thinking" means reading someone's life work, then ripping it to shreds. Through critique is surely one form of critical thinking, so are integrating ideas from disparate fields and examining the context out of which they grew.

Opposition does not lead to truth when we ask only "What's wrong with this argument?" and never "What can we use from this in building a new theory, and a new understanding?"

Several years ago I was on a television talk show with a representative of the men's movement. I didn't foresee any problem, since there is nothing in my work that is anti-male. But in the room where guests gather before the show I found a man wearing a shirt and tie and a floor-length skirt, with waist-length red hair. He politely introduced himself and told me he liked my book.

Then he added: "When I get out there, I'm going to attack you. But don't take it personally. That's why they invite me on, so that's what I'm going to do."

When the show began, I spoke only a sentence or two before this man oozed jumped out of his chair, threw his arms before him in gestures of anger and began shrieking—I first attacking me, but soon moving on to rail against women.

The most disturbing thing about his hysterical ranting was that it sparked in the studio audience: They too became vicious, attacking not me (I hadn't had a chance to say anything) and not him (who wants to tangle with someone who will scream at you?) but the other guests: unsuspecting women who had agreed to come on the show to talk about problems communicating with their spouses.

This is the most dangerous aspect of modeling intellectual interchange as a fight. It contributes in an atmosphere of animosity that spreads like a fever.

In a society where people express their anger by shooting, the result of demonizing those with whom we disagree can be truly demonic.

I am not suggesting that journalists stop asking tough questions necessary to get at the facts, even if those questions may appear challenging.

And of course it is the responsibility of the media to represent serious opposition when it exists, and of intellectuals everywhere to explore potential weaknesses in others' arguments.

But when opposition becomes the overwhelming avenue of inquiry, when the lust for opposition excites extreme views and obscures complexity, when our eagerness to find weaknesses blinds us to strengths, when the atmosphere of animosity precludes respect and poisons our relations with one another, then the culture of critique is stifling us.

If we could move beyond it, we would move closer to the truth.

The writer is professor of linguistics at Georgetown University and author of "You Just Don't Understand." This essay, based on remarks at Renaissance Weekend in Hilton Head, South Carolina, on Dec. 31, was contributed to The New York Times.

LETTERS TO THE EDITOR

NATO Fooled No One

Despite your optimistic assessment of the NATO summit meeting recently concluded ("A Stronger, Safer Europe," Opinion, Jan. 12), I think that the Brussels summit is more likely to be remembered as a public relations exercise, one based as a public relations exercise, one based as a public relations exercise, one based as a public relations exercise.

Given the unwillingness of Western governments to mobilize public support for intervention in Bosnia, why should one believe that NATO will act later if nationalist forces spill over into Macedonia, Hungary, the Baltic states or elsewhere in Eastern Europe? What new principle will be invoked that has not already been violated?

Beyond the bloody sight of Bosnia shaming the conscience of the West, there is a less obvious specter: the bankruptcy of moral conviction in the West. Without the will to act against virulent nationalism, the Partnership for Peace will remain an empty shell, devoid of the Zhdanovism of this world.

ADAM S. WILKINS, Cambridge, England.

Consider China's Fears

In none of your recent editorials on possible military cooperation between NATO and Russia short of its full membership in the alliance have I found any reference to China's reactions to these plans. China traditionally has supported European integration with the Atlantic alliance as a counterweight to the former Soviet Union (thus increasing the Soviet encirclement complex). But won't an eastward extension of NATO and the

eventual inclusion of Russia in a Partnership for Peace stimulate Chinese sensitivities during a difficult period of transition for Beijing?

China would certainly look with concern to the simultaneous strengthening of Russia and Japan. The effects of a political entente stretching from San Francisco to Vladivostok would not fail to affect China's geopolitical reactions.

This does not mean that NATO should discourage the ongoing dialogue with Moscow. It only means that China should somehow be reassured about the consequences of that dialogue. Will the arsenal of diplomatic instruments supply a convenient tool to harmonize the interest of the key players in a Eurasian pact of cooperation aimed at dispelling or reducing forces of new Eastern or Western hegemonies?

A. CORTESE DE BOSIS, Rome.

The Real Costs of Growth

Regarding "As Asia Urbanizes, Pollution Problems Grow Ever More Urgent" (Opinion, Jan. 4) by Carter Brandon and Ramesh Ramakrishna:

I read with interest the article by the two World Bank economists, which quantifies the high economic costs of air and water pollution in Asian cities. The article notes that "these costs would be 10 to 40 percent higher if wasted vehicle fuel and productive time lost in Asia's notorious traffic jams were included."

Having worked with the United Nations Development Program, I have observed daily the evidence of a continuing economic

Water Under the Bridge

The U.S. Congress and the press would do well to concern themselves with President Bill Clinton's current activities rather than his past actions. The White House hunt serves no constructive purpose and merely diverts the president's energies from the business of government. I, for one, am less concerned by Mr. Clinton's past innocence or guilt than by his ability to be an effective head of state—particularly as regards his horrendous foreign policy mishaps.

ADAM EDWARDS, Brussels.

RENU CHAHIL-GRAF, Bangkok.

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ADAM EDWARDS, Brussels.

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Today's EDUCATION DIRECTORY

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U.S. Dubious on Offer by Zaire Leader

By Kenneth B. Noble

New York Times Service
KINSHASA, Zaire — President Mobutu Sese Seko has sent a conciliatory letter to President Bill Clinton, promising to end political turmoil and asking for help from the United States in organizing Zaire's first multiparty elections.

"The letter has been received and is being acted upon," said an American lobbyist in Washington who had seen it. The letter was delivered privately to U.S. officials last week. Washington, at least on the surface, has virtually ceased to deal with the Mobutu government.

Marshal Mobutu said in a speech on Friday night that he had dismissed Zaire's two rival governments and parliaments, which emerged last year when his arch-rival, Eugene Tshisekedi, refused to step down as prime minister. The marshal called on the parliaments to meet Monday and elect a new prime minister to replace Faustin Birindwa, who had been appointed last year by a "coalition" of Marshal Mobutu's selection.

Marshal Mobutu also said he had reached

agreement with the opposition that Mr. Birindwa's job would go to one of two men: Muhumba Lukoji, a former prime minister who is now part of the opposition, or Mr. Tshisekedi. If the two parliaments do meet, they will almost certainly elect Mr. Tshisekedi, most analysts agree.

The president said he would accept the legislators' choice in an effort to end Zaire's economic and social problems. But it is unclear whether his dismissal of the governments has been accepted.

Joseph Dico, the vice president of the now dissolved High Council of the Republic, an interim assembly, called Marshal Mobutu's move a "constitutional coup d'état."

An opposition source said Mr. Tshisekedi had rejected the proposal because he already considered himself prime minister.

In any event, the recent flurry of diplomacy and intrigue is posing a problem for Washington.

ing into "Somalia and Liberia rolled into one."

On the other hand, U.S. officials say, they are skeptical of Marshal Mobutu's sincerity, given his nearly 30 years of tyrannical rule and broken promises.

More to the point, they say, none of his recent moves tackles the fundamental source of the disorder, which is himself. In a 1992 interview in *Africa Report* magazine, Mr. Clinton cited Marshal Mobutu as the sort of dictatorial leader with whom the United States should no longer do business.

In recent months, the administration has taken an increasingly tough stance toward the marshal.

It is apparently because of the tense relations that Marshal Mobutu bypassed the U.S. Embassy in Kinshasa and reportedly delivered his message to Mr. Clinton via an American businessman.

A State Department official, meanwhile, said over the weekend that "we would not want to lend assistance to elections that are a hoax or a sham, or rigged."

The official noted that Marshal Mobutu "has made similar promises to hold elections in the past and failed to meet his deadlines."

Zino Davidoff, the Cigar Czar, Dies at 87

The Associated Press

GENEVA — Zino Davidoff, 87, the flamboyant Jewish emigrant who made Havana cigars world famous and then broke with Cuba, died Friday in Geneva.

A connoisseur who was widely known as King of the Cigars, Mr. Davidoff's philosophy was "Smoke Less But Better."

The son of a cigar merchant, Mr. Davidoff was born in Kiev, now the Ukrainian capital. His family had to flee the country in 1911 and went into exile in Switzerland.

Mr. Davidoff kept his Cuban suppliers for more than 40 years. During this time he built up a business empire selling his expensive, hand-rolled products.

But in 1989 he discarded Cuba's state tobacco company, complaining about the quality of the product. He switched instead to supplies from the nearby Dominican Republic.

"It feels like a divorce," he said. "It's painful and it's sad. But I hope we will be able to marry again. If there was a Cuban counter-revolution...

CHESS

By Robert Byrne

IN the second 20 minute tie-break game between Anatoli Karpov and Vasily Ivanchuk, the 17th Interpolis Tournament, the Advance Variation against the Caro-Kann, 3 e5, seizes space in a way that does not impede Black from developing his QB with 3...Bf5. The thrust 4...b4, sets the trap 4...e5 5 g4 Bc4 6 f3 Bg5 7 h5, which wins a piece. After 4...h5, White bets that the weakening of his kingside with 4...h5 is of lesser import than the weakening of the black kingside with 4...h5.

On 5 c4, Karpov avoided 5...Bh1? 6 Rb1 Qa5 7 Bd2 Qa2 8 c5! since the threat of 9 Bc3 followed by 10 Ral could not have been parried.

Ivanchuk should have preferred 7 Bg5 Qb6 8 Qd2 to his 7 cd c4 8 Bg5 Bg5 9 Qd3, which freed the black game. After 9...Ne7 10 Bg5, Karpov prevented the exchange of the inferior white QB with 10...f6. After 11 e4 f7 18 Bd2 Kf7, the black king was safe and able to help guard the e6 pawn. Moreover, on 13 Nge2, Karpov's 13...Ng6 blunted the threat of 14 Nf4.

On 19...Qa5 Ivanchuk's 20 Qd2 Qd2 21 Kd2, brought about an end game, his bishop hampered by his d4 pawn, while the black knights enjoyed flexible opportunities.

After 21...Rac8, Ivanchuk could

not play 22 f4 without creating a backward g3 pawn. After 22 Rb1, Karpov seized the initiative in the center with 22...e5.

Ivanchuk exchanged pawns with 24 de fe not wanting to wait for Karpov to advance with ...e4. He mobilized the black center and Karpov began using it with 27...d4.

Karpov achieved a breakthrough in the center with 33...c4! 34 fe Ne4. His point became clear after 35 Ng4 Ne5 36 Ke3 Ng4 37 Kd3 Ng2 38 Ke3 Nf1! 39 Ke2 (39 Kd4 40 Kd1 Ng3 41 Kc2 Nd2; He had recovered his pawn and established a powerful passed e4 pawn. Ivanchuk sacrificed a pawn with

43 g4 hg to advance his h4 pawn. But he saw at once that 44 h5 g3 45 h6 g2 46 Be3 Nb4 47 Kd2 Nd5 47 h7 Ne3 49 h8/Q g1/Q would fail to produce a perpetual check. So he played 44 Kf2, but after 44...Ne2 45 h5 Nd3 46 Ke2 g3 47 h6 Ne5 48 Bf4 g2 49 Be3 g1/Q 50 h7, Karpov squelched his attempted counterplay with 50...b4! 51 h8/Q b3!

Ivanchuk could not play 52 Kf2 because 52...Qe2 33 Kb1 Qc2 forces mate. His 52...Ka3 encountered 52...Qc5!, when 53 Kf2 Qf2 transposes into the previous mate and 53 Ka4 permits 53...Qb4mate. Ivanchuk gave up.

CARO-KANN DEFENSE

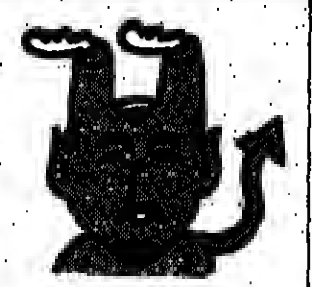
White	Black	White	Black
1 e4	c6	27 Bc1	d4
2 d4	Bc5	28 Bb2	Kd5
3 e5	Bb6	29 Bb3	Ne3
4 f4	g5	30 Kf2	Ne4
5 g4	h5	31 Bf2	Ne5
6 h4	g4	32 Bg2	Ne6
7 c4	g3	33 Bg3	Ne7
8 Bg5	g2	34 Bg4	Ne8
9 Qd3	g1	35 Bg5	Ne9
10 Bg6	g0	36 Bg6	Ne0
11 Bg7	g1	37 Bg7	Ne1
12 Bg8	g2	38 Bg8	Ne2
13 Bg9	g3	39 Bg9	Ne3
14 Bg0	g4	40 Bg0	Ne4
15 Bg1	g5	41 Bg1	Ne5
16 Bg2	g6	42 Bg2	Ne6
17 Bg3	g7	43 Bg3	Ne7
18 Bg4	g8	44 Bg4	Ne8
19 Bg5	g9	45 Bg5	Ne9
20 Bg6	g0	46 Bg6	Ne0
21 Bg7	g1	47 Bg7	Ne1
22 Bg8	g2	48 Bg8	Ne2
23 Bg9	g3	49 Bg9	Ne3
24 Bg0	g4	50 Bg0	Ne4
25 Bg1	g5	51 Bg1	Ne5
26 Bg2	g6	52 Bg2	Ne6
27 Bg3	g7	53 Bg3	Ne7
28 Bg4	g8	54 Bg4	Ne8
29 Bg5	g9	55 Bg5	Ne9
30 Bg6	g0	56 Bg6	Ne0
31 Bg7	g1	57 Bg7	Ne1
32 Bg8	g2	58 Bg8	Ne2
33 Bg9	g3	59 Bg9	Ne3
34 Bg0	g4	60 Bg0	Ne4
35 Bg1	g5	61 Bg1	Ne5
36 Bg2	g6	62 Bg2	Ne6
37 Bg3	g7	63 Bg3	Ne7
38 Bg4	g8	64 Bg4	Ne8
39 Bg5	g9	65 Bg5	Ne9
40 Bg6	g0	66 Bg6	Ne0
41 Bg7	g1	67 Bg7	Ne1
42 Bg8	g2	68 Bg8	Ne2
43 Bg9	g3	69 Bg9	Ne3
44 Bg0	g4	70 Bg0	Ne4
45 Bg1	g5	71 Bg1	Ne5
46 Bg2	g6	72 Bg2	Ne6
47 Bg3	g7	73 Bg3	Ne7
48 Bg4	g8	74 Bg4	Ne8
49 Bg5	g9	75 Bg5	Ne9
50 Bg6	g0	76 Bg6	Ne0
51 Bg7	g1	77 Bg7	Ne1
52 Bg8	g2	78 Bg8	Ne2
53 Bg9	g3	79 Bg9	Ne3
54 Bg0	g4	80 Bg0	Ne4
55 Bg1	g5	81 Bg1	Ne5
56 Bg2	g6	82 Bg2	Ne6
57 Bg3	g7	83 Bg3	Ne7
58 Bg4	g8	84 Bg4	Ne8
59 Bg5	g9	85 Bg5	Ne9
60 Bg6	g0	86 Bg6	Ne0
61 Bg7	g1	87 Bg7	Ne1
62 Bg8	g2	88 Bg8	Ne2
63 Bg9	g3	89 Bg9	Ne3
64 Bg0	g4	90 Bg0	Ne4
65 Bg1	g5	91 Bg1	Ne5
66 Bg2	g6	92 Bg2	Ne6
67 Bg3	g7	93 Bg3	Ne7
68 Bg4	g8	94 Bg4	Ne8
69 Bg5	g9	95 Bg5	Ne9
70 Bg6	g0	96 Bg6	Ne0
71 Bg7	g1	97 Bg7	Ne1
72 Bg8	g2	98 Bg8	Ne2
73 Bg9	g3	99 Bg9	Ne3
74 Bg0	g4	100 Bg0	Ne4

BOOKS

WHAT THEY'RE READING

• Thomas Raddi, an American energy consultant in Berlin, is reading "Bismarck: The Inevitability of Capitalism" by Michael L. Rothchild.

"I'm enjoying this book because the author identifies monopolies—whether public or private—as the greatest evil. This ties in well with Darwin, the rise of environmentalism and the fall of communism." (Michael Kallenbach, IHT)



tions or order the concepts. Some chapters are scenarios, some are straightforward analysis, some are commentaries on how American policy should be shaped.

The work also has the obvious disadvantage of dealing with a moving target. It was written before Yeltsin scattered the Congress of People's Deputies, and it will be read after the results of the parliamentary elections are known.

But these weaknesses do not really detract from the usefulness or enjoyment of the book. Changing events, in fact, only make it more like a sophisticated board game, challenging the reader to deduce how the shifting factors might alter the various scenarios.

The scenarios account for only 56 pages of the book, but they are its real core and what elevates it above the bloated body of works on Russia. There are four of them, and each is written from the vantage point of the year 2010, tracing events that brought Russia either to collapse, civil war, a military regime or miraculous prosperity.

At one extreme is what the authors call the "Russian Bear" scenario. The date is May 17, 2010, and a military parade is being held in Red Square to mark the eighth anniversary of the army coup. Double-headed eagles grint from tanks and the Kremlin towers, and banners read "Hail to Our Supreme Commander and to the Glorious Russian Army."

At the other extreme is "Chudo," Russian for "miracle." May 17, 2010, in this scenario marks the inauguration of a state-of-the-art trading center for the Moscow Stock Exchange, at which the head of Russia's largest bank announces the acquisition of the seventh-largest bank in United States.

The scenarios in between range from the slow unwinding of the Russian state under political and economic paralysis to a Russia ruled by an authoritarian alliance of bureaucrats, defense industrialists, state industry managers, the army and the police.

Above all, Yergin and Gustafson understand that Russia's future will be shaped by its past and present, however frustrating this may appear from the sidelines. "The evolution of Russian politics will be a Russian game, played mostly by Russian players, and largely over Russian issues."

"But with their book as guide, we can at least follow that game."

Serge Schmemmann is the Moscow bureau chief of The New York Times.

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This prize is a tribute to a man widely regarded as one of the UK's outstanding writers, thinkers and political commentators.

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Full details are available from The Administrator, The RTZ David Watt Memorial Prize, The RTZ Corporation PLC, 6 St. James's Square, London SW1Y 4LD.

Closing date for entries is 31st March 1994.

Style

International Herald Tribune
Tuesday, January 18, 1994
Page 9



Christian Lacroix's handwoven striped coat (at left) over shorts; empire-waist flower-strewn chiffon dress and embroidered petticoat; polka-dot Carmen dress over tulle. Nina Ricci (inset) plaid and flower boll gown.

Forget Hip Couture: Lighthearted Lacroix Is the Real Thing

By Suzy Menkes
International Herald Tribune

PARIS — Forget hot couture. Or hip couture. Or the idea of booting high fashion into the space age for a new millennium. When the audience rose to its feet to give Christian Lacroix the first standing ovation of the spring season, it was an accolade for real couture.

Not that Lacroix didn't give his show a kick in the lacy panties. Here a bare midriff peeking above saucy shorts. There the bald model Eve and a lot of attitude stomping out in a flower-sprinkled Dior-style dress and tapestry boots. It was some statement that she even wore the wedding dress with its froth of white lace skirt breaking over brocade anglaise.

Lacroix balanced on a needle point the creative imagination and fine technique that are the essence of haute couture. But the show's magic lay in the rogue element that popped up in each outfit, making the clothes seem funky and lighthearted, without ever pretending that

they were anything but a delicious and indulgent luxury.

So a jacket would have a wisp of shirt hanging free, or a peasant ruffled blouse would bare the navel and end in a pair of cotton shorts. With hemlines brief, the dark hose, with their shadow play of lace, added a tiny twist of trashiness — even when the outfit was a classic 18th-century frock coat or flower-embroidered vest.

In some ways it was classic Lacroix, dipping into different historical periods, countries and cultures and even his own brief fashion past, to come up with a dotted Spanish dress with its hem whooshed over ruffled tulle or the most sophisticated Provencal peasant, dressing up her dirndl skirt with a finger-lace blouse and a basket made of gilded silk.

Lacroix said he was inspired by the Director period after the French revolution, when the liberation of Paris in 1944. From the first came dresses as soft as nightgowns, like the slip of pale satin with a freeway of black lace down the front and bows catching in the back. The slender shape — the postwar version was a

sheath splattered with tulips — is new for Lacroix and gave the collection a streamlined silhouette that made it seem less costumey — even if Lacroix kept the more-is-more decoration that is his trademark.

That embellishment was light-handed and extended to the tiniest details, from hair swept into a swoosh (the 1940s influence) to a brilliant vermilion feather purse matching its sinuous chiffon dress to a black lace parasol.

Lacroix's creativity sinks a deep shaft into couture's tradition, making each outfit a confluence of different ideas and techniques. But this season, things didn't look complicated. And the artist's touch might just be parakeet colors on a plaid ball skirt, giving a familiar idea a new flip. Although Lacroix remains primarily an evening wear designer, the curvy tailoring showed as much confidence as the subtly draped dresses.

"I am cultivating my faults," Lacroix said, in a jokey reference to the fact that he is not following the politically correct fashion path of dead-simple clothes — as if clients would pay

couture prices for them. He took his ovation in a scarlet shirt as though in a gesture of defiance. At 42, Lacroix is the only one of couture's new guard to believe in.

The rest of the collections seem so very stiff, staid and predictable. Do those bejeweled Arab women sitting front row at Jean-Louis Scherrer really want to go back to their desert roots and carry an urn on their heads? That seemed the only way a chiffon sheath growing wings at the side could be shown off to advantage, although the model did gallantly, stalking down the runway, chignon held high, like some aging archangel.

The opening of the show looked like Salome was on stage casting off her veils, as the models, heads hidden in visor hats, appeared in floppy coats and over-unicorns and pants in desert-sunset orange and the kind of turquoise blue associated with the Peacock throne.

Erik Mortensen's creations are miracles of craftsmanship, but for all the lightness of the chiffon or the slither-factor in crepe, they seem

like haute couture in its fustiest old tradition. That was even true of the day clothes, which were based on tunics or elongated sleeveless vests that looked suspiciously like a wardrobe for a woman who has found a rich husband but lost her waist.

Nina Ricci made a big deal of filling the big stage by projecting films and slides at the back. You know the deal: Archive newsreel footage of the queen of England at the races grinning at horses and staring stonily at her subjects, the cue for the classy suits and silk frocks that used to be called "Occasion" clothes.

Switch to Paris by night (elegant pajama pants) or the Taj Mahal (tunic jackets in sandy colors). And finally Fred Astaire and Ginger Rogers tapping away on screen in "Top Hat." A pin-sized couple appears on stage, man in top hat and tails and partner in chiffon dance frock. Designer Gérard Pipart does the summer ballgown very well.

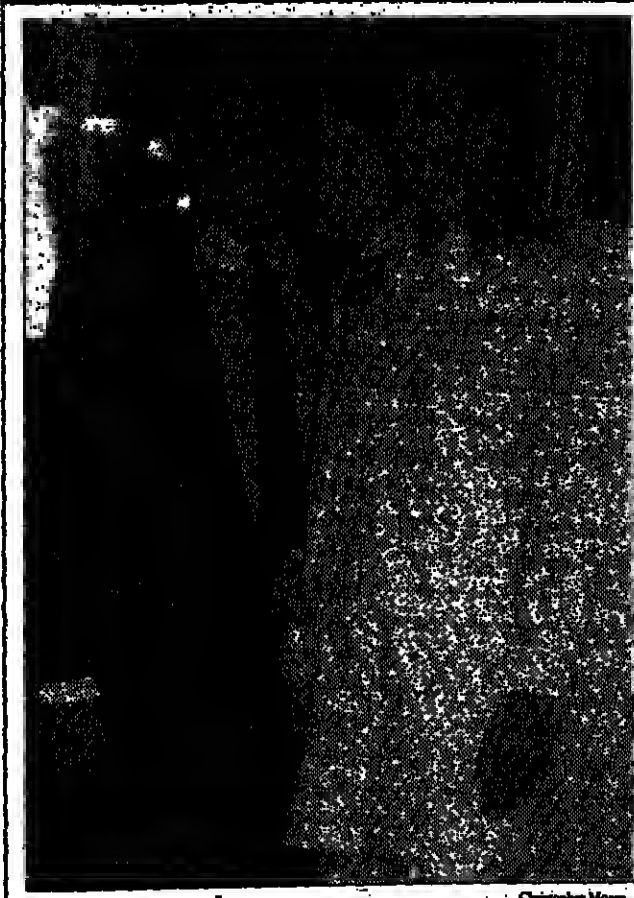
Philippe Venet is like Beatrix Potter's Tailor of Gloucester; a small man with a sunny smile, who is a whiz at coats and suits and under-

stands the tradition of quiet, unfussy haute couture. His simple three-quarter jackets over slim skirts would take a woman anywhere and everywhere, which is why his loyal clients keep coming back.

Maurizio Galante, the young Italian designer showing for the second time in Paris, is one of those fashion poets. His clothes are capes woven into a lattice of fabric or dresses as pale as a stick of celery appliqued with handmade flowers. It is all in the mold of Romeo Gigli, with the day clothes based on slim-line pants.

It doesn't look like the future of fashion, nor even haute couture. But Galante is one of a small band of designers who are interested in technique and loving craftsmanship. It would be nice to think there might be someone around to hear his song.

The one big success of the couture season is the Louvre complex, where the fashion halls are getting thumbs up from designers and the fashion pros. The spacious marble interiors are a relief after the text city in the Louvre courtyard that was fashion's home for the last decade.



Pierre Cardin with guipure blouses inspired by India.

Cardin Plans Boutiques in India

PARIS — Pierre Cardin will be the first international designer to set up shop in India, opening 40 boutiques in March to 800 million potential customers. "I design for the world — warm coats for Russia and cotton shirts for India," Cardin said Monday to explain why his show, presented privately to clients, featured both warm and cold-weather clothes. A warm reception greeted Cardin's first collection since the death last year of André Oliver, his partner of 40 years. The clothes were young and fresh, with a focus for day on tunics with inventive cuts, over pants, and shows with pecky top hats.

Breaking the Chains: Is the Chanel Handbag Out?

PARIS — Fashionable women of the world have united by throwing off their chains. The Chanel bag — the ultimate symbol of the acquisitive 1980s — seems finally to be clanking offstage.

At this week's haute couture collections, the socialites' signature chain-handled quilted bags are conspicuously absent. Although Chanel bags still dangle from shoulders in fashionable high spots, the tastemakers have moved on. Even at Chanel's own couture show, where clients might be expected to fly the flag, most of them were wearing the clothes but not clutching the purse.

The Texan Lynn Wyatt remained one of the faithfuls. But São Schlumberger, wearing Chanel couture, carried a red Gucci bag. Ira von Furstenberg, in a suit from the boutique, had a lizard purse, Dewi Sukarno a crocodile bag.

Among editors, Anna Wintour of Vogue is famous for carrying nothing except her authority. Her fashion director, Grace Coddington, had a bag from Prada of Milan, a favorite with style editors.

The Hermès Kelly bag (at 15,500 francs, or \$2,600) has become one of a quartet of status symbols among the cognoscenti.

Another leader in the pack is the Hermès Bugatti (selling from 14,000 francs), a double-handled bag, designed in 1923 with the sleek curves of a 1920s sports car. It is currently the most-copied bag by upscale manufacturers. Another frequent knockoff is Louis Vuitton's Noé (3,500 francs), designed in 1934, originally to transport five bottles of champagne. It is a leather sack with a drawstring at the top, and usually only a discreet LV logo worked into the leather — although it also comes in the signature gold-and-brown letters.



Joste Natori with Barry Kieselstein-Cord purse, Manhattan's status symbol; Lynn Wyatt, loyal to Chanel's classic chain-handle purse; Dewi Sukarno with lizard purse from Italy; the model Kirat with fake Kelly found in Bombay, São Schlumberger with no-logo Gucci bag.

The ultimate Manhattan status bag is the Barry Kieselstein-Cord purse with solid silver alligator decoration, selling at Bergdorf Goodman for \$8,000.

These tribal totems of fashionable society are less identifiable than the Chanel bag to outsiders, more a personal luxury that gives a signal only to those in the know. They therefore correspond more to the spirit of the 1990s than the obvious status symbols of an aspirational society.

But is it really all over for the Chanel bag, which is already in its second or third coming? Coco Chanel's quilted sports bag was a revolutionary step for women, to cast aside their dainty reticules for something

more practical. The Chanel bag had a revival in the early 1960s, when the Hermès Kelly (courtesy of Princess Grace of Monaco) and the Gucci bamboo-handled purse (favored by Jackie Kennedy) were hot.

Chanel never divulges company figures, but it is hard to believe that sales of the bags — which go for 3,000 to 7,000 francs — are hurting, given the enormous and ever-growing overseas markets, especially in the Far East. On Saturday afternoon in the Rue Cambon store (which is doubling its size this week), the handbag section was busy — but entirely with Asian customers.

Over at Hermès on Faubourg Saint-Honoré, the store was a mob scene, with American and Japanese

customers buying the Kelly and two Italians after the Bugatti. Hermès has galloped through the current crisis in luxury companies. Its 1993 sales of 2.8 billion francs, announced this month, showed a 15 percent increase from 1992.

Jean-Louis Dumas-Hermès, the company's president, said Monday that leather goods were a particularly strong growth area, with the best sellers led by the Kelly, followed by the Bugatti, which the brand of that name in Italy is now trying to pass off as its own invention.

Therein lies a story: Professional women who buy expensive bags for themselves look for practicality and value-related quality, rather

than just status. Karl Lagerfeld sent out warning signals when he started to satirize the Chanel purse, by making it into a banana bag, a hot-water bottle or a loaf of French bread.

But why should the Chanel purse fall so suddenly from high-fashion grace?

"We've seen too many," says Schlumberger, "and there are all those copies."

"I use my Chanel bags less and less," said Patricia de Ganay, who was at a Versace store opening wearing a navy Intès de la Fressange pantsuit and carrying the Hermès Bugatti. "It's just a question of something going out of fashion."

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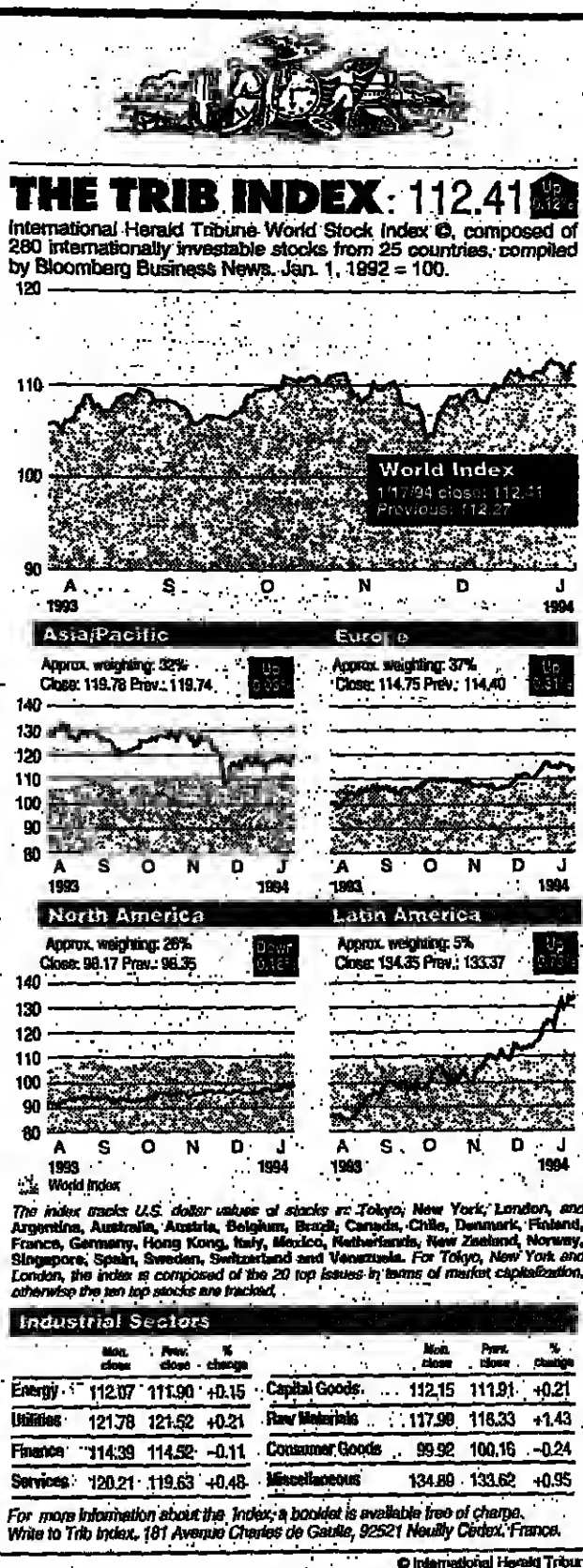
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U.S. Seeks Access at Heathrow

Talks to Focus on Equal Treatment

By Richard M. Weintraub
Washington Post Service

WASHINGTON — In air treaty negotiations this week, senior American negotiators will tell the British that expanded opportunities for their airlines in the United States will happen only if Britain opens Heathrow Airport more to U.S. carriers, administration officials say.

The U.S. position underscores the determination of the Clinton administration to make an accord

with the British a model for dismantling barriers to competition in international air travel, according to U.S. officials. British officials say they share that goal.

The administration has endorsed an expansion of rights for foreign carriers to invest in U.S. air carriers and gain access to the huge American domestic market, provided U.S. airlines get equal treatment abroad.

The existing U.S.-British aviation treaty puts strict limits on the rights of U.S. airlines to use Heathrow.

An assistant secretary of state, Dan Tarullo, was to outline the administration position to top British officials early in the week, telling them that talks scheduled later in the week will not take place until there are clear indications that the British are ready to compromise on Heathrow, according to a senior administration official.

International air travel, unlike the deregulated U.S. market, remains heavily influenced by governments and ruled by a multitude of bilateral treaties. But other countries, some of whose airlines have been overruled by vigorous U.S. competitors, want to renegotiate.

British Airways owns 24 percent of USAir Group Inc. and the carriers share flight numbers and cooperate extensively to steer passengers to each other.

A STAR With Few Fans

Young Li Seeks Sequel to TV Venture

By Paul Blustein
Washington Post Service

HONG KONG — If only Richard Li would fall flat on his face — how Hong Kong would savor the spectacle.

Of all the brash young hotshots in a city of brash young hotshots, none commands as high a profile — and few evoke such visceral resentment — as the 27-year-old second son of Li Ka-shing, the wealthiest of Hong Kong's billionaires.

Slim and intense, with closely cropped hair, Mr. Li speaks with a stilted English accent that makes him sound like a caricature of a spoiled princeling, even though he grew up speaking Chinese and has lived 10 years in North America and not at all in Britain.

As young as age 8, Richard Li and his brother were being groomed to assume control of the Li family empire, sitting in the chairs at board meetings. Today, he is known in Hong Kong's business community for his cocksure negotiating style and his treatment of subordinates twice his age.

"A lot of people would like to see him fail," said a British executive who has dealt with Mr. Li on several occasions.

But Mr. Li isn't obliging them. Instead, he is emerging as a major player on the Asian business scene, succeeding in ways that epitomize the region's boom and the Chinese entrepreneurial culture that dominates its commerce.

Critics predicted his downfall three years ago, when he launched Satellite Television Asian Region Ltd., a free satellite television service known as STAR-TV. Today, it is one of the most prominent elements of Asia's economic miracle.

Its signal delivers five channels, including BBC News and MTV rock videos, to viewers in 38 countries, from Taiwan to Turkey, in hotels, skyscrapers and shacks, wherever a small satellite dish can be hooked up. STAR-TV's potential audience surged 275 percent in the first 10 months of 1993; it reaches more than 42 million homes.

In July, Mr. Li sold a majority interest in STAR-TV to Rupert

Murdoch for \$525 million — a sixfold return on the money the Li family had invested. He has since gained the title of deputy chairman at the flagship conglomerate of the family empire, Hutchison Whampoa Ltd., and plans to start a venture using the Li family's portion of the profits from the STAR-TV sale.

Just what that new business will be is the subject of considerable speculation. Mr. Li will say only that it will "use the latest existing world-class technology to meet the needs of Asia's burgeoning economy."

The question about Mr. Li, however, is one that dogs many prominent young executives in this part of the world: Will he come to terms with being the son of a tycoon?

People who watched Mr. Li build STAR-TV praise his talent and drive, but they wonder whether he can overcome the insecurity bred by his need to prove he is worthy of his father's mantle.

In an interview, Mr. Li brushed aside suggestions that his often-abrasive style is attributable to his self-consciousness about being Li Ka-shing's son.

"The pressure comes from the marketplace, from the business itself, rather than from any artificiality," he said.

See LI, Page 15

Brittan Rebuffs Clinton Over Labor Standards

By Tom Buerkle
International Herald Tribune

BRUSSELS — Europe's trade chief rebuffed President Bill Clinton's new trade agenda on Monday, saying that attempts to impose environmental and labor standards on developing countries could be merely a "disguised form of protection."

Sir Leon Brittan, the trade commissioner for the European Union, essentially dismissed Mr. Clinton's call to export the developed nations' higher labor standards as unworkable and unfair.

He gave support for the study of environmental issues, noting that Europe was working with the United States to establish an environmental committee under the World Trade Organization, the new governing body to be created by the Uruguay Round trade agreement that was concluded last month.

But Sir Leon said developing nations must be given "positive encouragement" to improve their environmental safeguards, rather than being punished for failing to meet the industrial world's standards.

"We do not want to have a pretext for protectionism in the name of the environment," he told business and political leaders at the

Center for European Policy Studies in Brussels.

It was Sir Leon's first public statement on the subject since Mr. Clinton outlined his trade priorities at a meeting with European Union leaders last week. Sir Leon's comments made clear that Mr. Clinton's proposals, besides raising objections in developing nations, also remain controversial in the West and even within the European Union's executive agency.

Mr. Clinton's ideas were welcomed by Jacques Delors, president of the European Commission, who has warned that Europe's prosperity and social cohesion could be undermined by cheap imports from developing nations.

But Sir Leon and others argue that extending environmental and labor standards to Third World nations would deny them the advantages that now enable their economies to compete and grow. They also regard the stance as hypocritical in light of the West's experience, in which economic development was followed by the adoption of such standards, not vice versa.

Sir Leon indicated that the United States had yet to show which issues it wanted to address under the broad category of labor standards. Restrictions on child and slave labor are easy to support in theory, he said, but difficult to enforce through the world trading regime.

EU Puts Duties on Iron

The European Union said it had imposed provisional anti-dumping duties on imports of hematite pig iron, which is used for cast-iron machine tools, from Brazil, Poland, Russia and Ukraine, AFP-Extel News reported.

The European Commission said it found that imports from the four countries reached 414,041 metric tons in the year that ended in October 1992, compared with 370,685 tons the previous year, and that Brazil then accounted for 37 percent of what is now the EU market, up from 25.4 percent in 1991.

Japan Near Satisfying U.S. on Contracts

By Andrew Pollack
New York Times Service

TOKYO — The likelihood is increasing that Washington will refrain from imposing trade sanctions on Tokyo on Thursday, as a result of Japan's having prepared a plan for opening its public-sector construction market to foreign companies, a U.S. official has said.

"I can't tell you it's done," the official said on Sunday. "But I'm feeling better about it. I'm hopeful that this will be O.K."

The Clinton administration canceled plans to impose sanctions in

October after Tokyo promised to open its construction market. But the administration said it would impose the sanctions if a satisfactory plan to carry out the promise was not drawn up by Jan. 20.

The so-called action plan to open the construction market is expected to be approved by the Japanese cabinet on Tuesday. The United States has not seen the plan but U.S. officials heard Japanese officials describe it in talks in Tokyo last week.

public works jobs. But calls to reform the system have also mounted within Japan, as one case after another has come to light in the last year of contracts being awarded based on collusive bid-rigging or bribery of public officials.

In the new plan, Japan has promised to award contracts based on open bidding for central government construction projects worth at least \$6.4 million. For design and consulting services, projects worth at least \$640,000 will be awarded based on open bidding.

For construction projects of some pre-fabricated and local governments, open bidding must be used for projects of \$21.3 million or more.

In the past, bidding has been open only to designated companies. Under the new plan, any company that meets certain qualifications will be able to bid. Japan has promised that the criteria will be open and objective. In addition, it will consider experience outside Japan in evaluating foreign companies, something it had not done before.

The U.S. official said several items must still be worked out. One is that the United States wants a monitoring system to insure that foreign access is increasing.

Thinking Ahead

The IMF Has the Right Idea on Russia

By Réginald Dale
International Herald Tribune

WASHINGTON — Now that President Bill Clinton has been to Moscow to see for himself, let's hope he will put an end to one of the least attractive elements of U.S. policy on Russia — bashing the International Monetary Fund.

Attacking "bureaucrats" who can't respond in kind, is one of the cheapest shots in the political armory. And aside from being unoriginal, in this case it's also misguided. On Russia, the IMF is right and its critics are wrong.

Over the last few weeks, U.S. officials from Vice President Al Gore down have viciously accused the Fund of being lifeless, passive, doctrinaire, inflexible and ineffective. They mean that it has not shelled out Western funds for Russia fast enough.

This is pure hypocrisy. When the Group of Seven industrial powers gave the IMF a central role in financing Russia's transition to a market economy, they presumably knew how the Fund operates. The Fund is notorious for setting tough and unpopular conditions for untying its purse strings.

Politicians should not vent their anger at the IMF for doing the job they asked it to do — just because the politicians feel frustrated they can't deliver on excessive expectations that they themselves aroused.

In the Russian case such criticism is particularly damaging. It is likely to be interpreted by the Russians as meaning that if they play their cards right they can get quick cash from the Western dispensing machine without signing up for their part of the bargain. And it's absurd to imply that the Fund's

"passivity" is undermining the Russian reform effort. Western financial aid is not the crucial factor in determining whether the Russian economy sinks or swims.

That's up to the Russians themselves. No one else can decide and implement the wrenchingly difficult policies needed to ensure a successful transition to a market economy.

And so far the Russians are not doing too well at the test. The experience of other ex-

communist countries shows that the best way to introduce a market economy is to do it as quickly as possible. That's just what Russia hasn't done.

So far there has not been too much reform, as many of President Boris Yeltsin's opponents have claimed; there's been too little. Which is exactly why Moscow needs to be constantly prodded by the IMF, not let off the hook by Western politicians.

As the Fund and the World Bank said politely in a recent joint statement: "Reform and stabilization policies should be designed to speed up the transition to the market economy, so as to minimize the period of declining output and reduced living standards."

Of course, that's easier said than done, particularly in the current political circum-

stances. But the political problems will only worsen the longer the transition to a free market is delayed and daily life gets tougher.

Western money can cushion the shock. But first the Russians must show that they are ready to help themselves. If not, the money will simply be poured into a bottomless pit.

As the Fund and Bank point out, unconditional handouts would probably make matters worse, by financing the retention of the status quo.

We all know the Russians hate being preached at. But they are also not overly sensitive to the fact that the funds they are seeking ultimately have to be justified to Western voters.

Unless Russia can create confidence that serious reform is on the way and the economy is being brought under control, hard currency will continue to flow straight out of the country into Swiss bank accounts.

Washington seems to be beginning to get the point. In Moscow, Mr. Clinton's prescription for the Russian economy sounded remarkably like the medicine that the IMF has long been advocating.

Both the Fund and Mr. Clinton are now calling on the Russians, for instance, to slash their budget deficit, curb inflation and stop subsidizing obsolete industries. Treasury Secretary Lloyd Bentsen is rightly stressing that further Western financial aid depends on some of the medicine being swallowed.

Fine. So perhaps the Fund can now be left to get on with its job. Carping at the Fund is counterproductive. The Fund is not going to water down its requirements — nor should it. And it's dangerous, because it suggests to the Russians there's an easy way out, when there isn't.

Olivetti Unions Agree to Cuts in Jobs and Hours

Reuters

ROME — Olivetti SpA and labor unions agreed on Monday to the elimination of nearly 2,000 jobs as part of a plan to restructure the unprofitable computer maker, a company spokesman said.

The pact also includes "solidarity contracts" under which employees work shorter hours and take a cut in wages.

The spokesman said the agreement was signed at the Labor Ministry after negotiations mediated by government officials.

Under the deal, Olivetti will shed 1,932 jobs through extended layoffs and voluntary departures. The company has about 37,000 employees, down from more than 55,000 five years ago.

In the first half of 1993, Olivetti had a loss of 168 billion lire (\$98.8 million).

The company is trying to shift emphasis away from making computers to profitable areas like telecommunications and links between telephones and information technology.

Schlumberger

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BROWN BROTHERS HARRIMAN & CO.

PRIVATE BANKERS

Business Established 1818

NEW YORK BOSTON PHILADELPHIA CHICAGO LOS ANGELES
DALLAS HOUSTON NAPLES PALM BEACH
LONDON LUXEMBOURG PARIS ZURICH
TOKYO HONG KONG GRAND CAYMAN

STATEMENT OF CONDITION, DECEMBER 31, 1993

ASSETS	
Cash and Due from Banks	\$369,489,518
U.S. Government Securities	152,226,899
State and Municipal Securities	54,636,050
Federal Funds Sold	153,450,000
Loans and Discounts	688,424,862
Customers' Liability on Acceptances	35,106,458
Interest and Other Receivables	50,117,771
Premises and Equipment, net	48,718,713
Other Assets	14,051,939
	\$1,566,221,911
LIABILITIES	
Deposits	\$1,315,675,947
Federal Funds Purchased and Securities Sold Under Agreement to Repurchase	6,440,000
Acceptances: Less Amount in Portfolio	35,106,458
Accrued Expenses	34,102,667
Other Liabilities	30,896,638
Capital	\$48,000,000
Surplus	144,000,000
	\$1,566,221,911

PARTNERS

J. Eugene Banks	John C. Hanson	John A. Nielsen
Peter B. Bardick	Kyosuke Hashimoto	Eugene C. Rains
Brian A. Berris	Noah T. Herndon	William F. Ray
Walter H. Brown	Landon Hillard	A. Heaton Robertson
Granger Costkyen	Frank W. Hoch	L. Parks Shipley
Douglas A. Donahue, Jr.	R. L. Ireland III	Stockley P. Towles
William R. Driver, Jr.	Michael Kraynak, Jr.	Lawrence C. Tucker
Anthony T. Evans	T. Michael Long	Maarten van Hengel
Alexander T. Ercklentz	Hampton S. Lynch, Jr.	Douglas C. Walker
M. L. Farley	Michael W. McConnell	Laurence F. Whittemore
Elbridge T. Gerry	William H. Moore III	Richard H. Witter, Jr.
Elbridge T. Gerry, Jr.	Donald B. Murphy	

LIMITED PARTNERS

Ferdinand Collorado-Manfield
Gerry Brothers & Co. Kate Ireland
Robert E. Hunter, Jr.
John D. Macomber

COMPLETE BANKING FACILITIES AND INVESTMENT SERVICES

Deposit Accounts • Commercial Loans and Discounts
Commercial Letters of Credit and Acceptances • Foreign Exchange
Domestic and International Corporate Financial Counseling
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Domestic and International Investment Advisory Services
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CURRENCY & INTEREST RATES

Jan. 17

Cross Rates	Jan. 17	Jan. 17	Jan. 17
Amsterdam	1.36	1.36	1.36
Bremen	1.36	1.36	1.36
Frankfurt	1.36	1.36	1.36
London (S)	1.36	1.36	1.36
Madrid	1.36	1.36	1.36
Paris	1.36	1.36	1.36
Porto	1.36	1.36	1.36
Tokyo	1.36	1.36	1.36
Zurich	1.36	1.36	1.36
1 ECU	1.36	1.36	1.36
1 SDR	1.36	1.36	1.36

Close to Amsterdam, London, New York and Zurich. Rates in other centers: Toronto rates at 3 a.m. a. To buy one dollar: b. To buy one dollar: c. To buy one dollar: d. To buy one dollar: e. To buy one dollar: f. To buy one dollar: g. To buy one dollar: h. To buy one dollar: i. To buy one dollar: j. To buy one dollar: k. To buy one dollar: l. To buy one dollar: m. To buy one dollar: n. To buy one dollar: o. To buy one dollar: p. To buy one dollar: q. To buy one dollar: r. To buy one dollar: s. To buy one dollar: t. To buy one dollar: u. To buy one dollar: v. To buy one dollar: w. To buy one dollar: x. To buy one dollar: y. To buy one dollar: z. To buy one dollar: aa. To buy one dollar: ab. To buy one dollar: ac. To buy one dollar: ad. To buy one dollar: ae. To buy one dollar: af. To buy one dollar: ag. To buy one dollar: ah. To buy one dollar: ai. To buy one dollar: aj. To buy one dollar: ak. To buy one dollar: al. To buy one dollar: am. To buy one dollar: an. To buy one dollar: ao. 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To buy one dollar: pp. To buy one dollar: pq. To buy one dollar: pr. To buy one dollar: ps. To buy one dollar: pt. To buy one dollar: pu. To buy one dollar: pv. To buy one dollar: pw. To buy one dollar: px. To buy one dollar: py. To buy one dollar: pz. To buy one dollar: qa. To buy one dollar: qb. To buy one dollar: qc. To buy one dollar: qd. To buy one dollar: qe. To buy one dollar: qf. To buy one dollar: qg. To buy one dollar: qh. To buy one dollar: qi. To buy one dollar: qj. To buy one dollar: qk. To buy one dollar: ql. To buy one dollar: qm. To buy one dollar: qn. To buy one dollar: qo. To buy one dollar: qp. To buy one dollar: qq. To buy one dollar: qr. To buy one dollar: qs. To buy one dollar: qt. To buy one dollar: qu. To buy one dollar: qv. To buy one dollar: qw. To buy one dollar: qx. To buy one dollar: qy. To buy one dollar: qz. To buy one dollar: ra. To buy one dollar: rb. To buy one dollar: rc. To buy one dollar: rd. To buy one dollar: re. To buy one dollar: rf. 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To buy one dollar: sx. To buy one dollar: sy. To buy one dollar: sz. To buy one dollar: ta. To buy one dollar: tb. To buy one dollar: tc. To buy one dollar: td. To buy one dollar: te. To buy one dollar: tf. To buy one dollar: tg. To buy one dollar: th. To buy one dollar: ti. To buy one dollar: tj. To buy one dollar: tk. To buy one dollar: tl. To buy one dollar: tm. To buy one dollar: tn. To buy one dollar: to. To buy one dollar: tp. To buy one dollar: tq. To buy one dollar: tr. To buy one dollar: ts. To buy one dollar: tt. To buy one dollar: tu. To buy one dollar: tv. To buy one dollar: tw. To buy one dollar: tx. To buy one dollar: ty. To buy one dollar: tz. To buy one dollar: ua. To buy one dollar: ub. To buy one dollar: uc. To buy one dollar: ud. To buy one dollar: ue. To buy one dollar: uf. To buy one dollar: ug

MARKET DIARY

Earthquake Helps Caterpillar and Dow

Bloomberg Business News
NEW YORK — The Dow Jones industrial average recovered early losses Monday to close at its second consecutive high amid expectations that the Los Angeles earthquake will prove a boon to California's economy.

Broader indexes retreated, however, as some investors cashed in on

N.Y. Stocks

Friday's recovery rally. Trading was the slowest so far this year, reflecting the disruption caused by the earthquake and the Martin Luther King holiday.

"The feeling is while the earthquake might be a depressant on the economy short term, it will be a net economic gain," said Anthony Dwyer, chief investment strategist at Sherwood Securities. He compared the disaster to the 1992 hurricane that devastated South Florida but brought a building boom to the region.

The Dow industrials climbed 3.09 points to close at 3,870.20. The average fell as much as 10.14 points before recovering. Volume was a sluggish 226.4 million shares.

The Nasdaq Composite Index retreated after setting two consecutive highs, closing 0.17 lower at

792.14. The Standard & Poor's 500 Index retreated 1.61 to 473.30.

The earthquake fueled rallies in shares of companies tied to home-building and heavy construction in California. Caterpillar Inc. rallied 2 to 93.4, leading the rise in the Dow industrials.

Other construction companies that fared well include Granite Construction Inc., up 2 1/2 to 24 1/2, Kaser Holding Co., up 1 1/2 to 9 1/2, and Calmar Co., which gained 2 1/2 to 24 1/2.

Insurance stocks declined amid concern about quake-related claims, traders said. Allstate Corp. declined 1 to 28 1/2, and CNA Financial Corp. dropped 1 1/2 to 76 1/2.

"They're beating up some of the insurance stocks and buying the homebuilders," said William Lord of UBS Securities.

Parametric Technology Corp., the most actively traded U.S. stock, tumbled 5 to 33 1/2. The software maker said net income in the quarter ended Jan. 1 rose to 25 cents a share from 14 cents a year ago, matching analysts' forecasts.

Hutchinson Technology Inc. fell 2 1/2 to 25 1/2. The disk-drive component maker had a loss of 44 cents a share in the fiscal first quarter ended Dec. 25, compared with net income of \$1.06 a share a year ago.

Mark Remains Weak As Dollar Posts Gains

Bloomberg Business News
NEW YORK — The dollar gained Monday against the Deutsche mark, which was weakened by continued expectation of interest-rate cuts in Germany and concern about Russia's political stability.

The dollar finished at 1.7525 DM, up from 1.7503 DM at Friday's close, and at 111.35 yen compared with 110.950 yen before the weekend. It also rose to 5.9475 French francs from 5.9415 francs, but it was off to 1.4750 Swiss francs from 1.4875. The pound was unchanged at \$1.4935.

Trading was light, with many banks and the Treasury bond market closed for the Martin Luther King Day holiday. Bad weather in the Northeast and a serious earthquake in Los Angeles also disrupted market activity.

The market weakened from the start of the day, in reaction to the resignation Sunday of Yegor G. Gaidar, an advocate of Western-style reforms, as deputy prime minister of Russia. His departure further clouded the outlook for Russia, whose economy and politics affect Germany more immediately than they do the United States or Japan.

"I think a lot of the move in the dollar-market rate is the Russian business John Moubayed, a trader at CS First Boston in New York, said. "I don't expect the dollar to go much higher in the rest of the week."

Expectations that the Bundesbank would intervene to sell dollars kept the U.S. currency below its high of 1.7560 DM set on Friday, traders said.

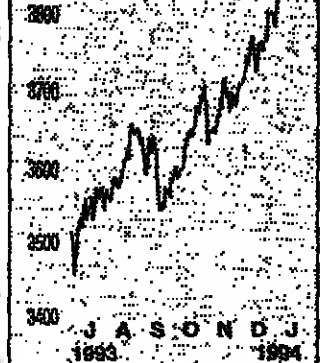
"There's concern the Bundesbank may decide to protect the mark's recent slide by leaning into the wind with intervention," David Brown, an economist at Tokai Bank in London, said. "The dollar's drift higher today was partly a result of traders trying to draw its fire."

The Bundesbank council meets Thursday to decide on monetary policy. A further easing of rates has long been expected, though some analysts now say the currency's weakness may delay any such move until late February.

"If they do ease, I don't think it will do much," Mr. Moubayed said. "It's already in the market, and German rates would still be a lot higher than everybody else's."

The Dow

Daily closing of the Dow Jones Industrial Average



NYSE Most Active

Vol.	High	Low	Last	Chg.
Chrysler	2100	2080	2080	-10
General Motors	2100	2080	2080	-10
Ford	2100	2080	2080	-10
Chrysler	2100	2080	2080	-10
General Motors	2100	2080	2080	-10
Ford	2100	2080	2080	-10

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Chrysler	2100	2080	2080	-10
General Motors	2100	2080	2080	-10
Ford	2100	2080	2080	-10

Dow Jones Averages

Open High Low Last Chg.

Open	High	Low	Last	Chg.
Indus	3883.30	3870.20	3870.20	-10.14
Trans	127.45	126.45	126.45	-0.10
Comp	251.45	250.45	250.45	-0.10
Comp	147.15	146.15	146.15	-0.10

Standard & Poor's Indexes

Open	High	Low	Last	Chg.
Indus	473.30	472.30	472.30	-1.61
Trans	47.45	47.35	47.35	-0.10
Comp	47.45	47.35	47.35	-0.10
Comp	47.45	47.35	47.35	-0.10

NYSE Indexes

Open	High	Low	Last	Chg.
Indus	792.14	791.14	791.14	-1.00
Trans	79.45	79.35	79.35	-0.10
Comp	79.45	79.35	79.35	-0.10
Comp	79.45	79.35	79.35	-0.10

NASDAQ Indexes

Open	High	Low	Last	Chg.
Indus	157.14	156.14	156.14	-1.00
Trans	15.45	15.35	15.35	-0.10
Comp	15.45	15.35	15.35	-0.10
Comp	15.45	15.35	15.35	-0.10

AMEX Stock Index

Open	High	Low	Last	Chg.
Indus	481.79	480.79	480.79	-1.00
Trans	48.45	48.35	48.35	-0.10
Comp	48.45	48.35	48.35	-0.10
Comp	48.45	48.35	48.35	-0.10

Dow Jones Bond Averages

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

Market Sales

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NYSE Odd-Lot Trading

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NYSE Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

Amex Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NASDAQ Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NYSE Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

Amex Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NASDAQ Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NYSE Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

Amex Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NASDAQ Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10
Comp	100.14	100.04	100.04	-0.10

NYSE Diary

Open	High	Low	Last	Chg.
Indus	100.14	100.04	100.04	-0.10
Trans	100.14	100.04	100.04	-0.10

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

[illegible][illegible]

Continued from Page 1

joint action by Chinese and American officials.

"The goal of the United States is not to get triple charges," the official said. "The goal is to stop transshipments."

Jennifer Hillman, the senior American textile negotiator, has been in Beijing since late last week for negotiating sessions that went past the deadline the Clinton administration had set.

Illegal transshipments of Chi-

nese textiles to third countries, where the products are relabeled as being made in the third country, has become the hallmark of the Chinese textile industry, which is now overshipping its \$4.68 billion quota to the United States by an estimated \$2 billion or more per year. Another \$2.2 billion in Chinese silks have been coming into the American market without quotas because when trade agreements were made in the past, silks were

not the high-volume commodity they are now.

"Throughout these negotiations, we have been placing a great deal of emphasis on the need to address the problem of textile transshipments and for the United States to be able to take very strong action to ensure that this new agreement is an enforceable agreement," the U.S. trade official said.

Under the terms of the three-year pact, the rate of growth of Chinese exports to the United

States will be slowed, with no growth allowed in 1994 and about 1 percent growth per year thereafter.

U.S. officials said that, as a result, over the three years China's exports would be about \$700 million, or 13 percent, less than they would have been had the old agreement been extended.

The Chinese agreed to accept stiff penalties where "clear evidence" shows that Chinese firms are continuing to transship Chinese textiles through third countries.

[illegible]

Low	Lowest Cr/Pr	12 Month High Low Stock	Div	Yld
1744	1744	1744		
1745	1745	1745		
1746	1746	1746		
1747	1747	1747		
1748	1748	1748		
1749	1749	1749		
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1752	1752	1752		
1753	1753	1753		
1754	1754	1754		
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1800	1800	1800		
1801	1801	1801		
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1842	1842	1842		
1843	1843	1843		
1844	1844	1844		

[illegible][illegible]

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Whose Company Is This, Anyway?

The American Owners Jolt a Japanese Management

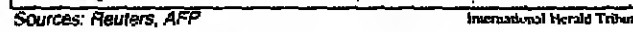
An article in the *Economic Daily* on Sunday complained that bureaucrats took advantage of the many companies that need their

The commentary said it remained extremely difficult for private companies to take over state-owned ones and that laws were inadequate on valuation, transfer and liquidation of state assets.

Exxon and Mobil own 25 percent of Tonen each. Much of the rest of the stock is held, as

The Japanese tradition, however, would call for the company to accumulate cash and

Both Exxon and Tonen refused to comment. A top Mobil executive in Tokyo, L.W. Allstadt, issued a statement in which he referred to the decision as Mr. Nakahara's own.



Continued from Page 11

[illegible]

Plus entertainment channel, be kept costs low by purchasing cheap programming, such as reruns of "Santa Barbara," a daytime Ameri-

corporations closely tied to the elder Mr. Li's businesses, such as establishing a name synonymous with lively TV.

Indonesia has cut the number of second-hand Boeing 737-200 aircraft it plans to buy from Lufthansa AG to 10 from 32, said an executive at PT PANN Melti Finance, an Indonesian state company.

AFX, AFP, Bloomberg

Intel Semiconductor			Suttle Mae		
4th Quar.	1992	1993	4th Quar.	1992	1993
Revenue	\$62.3	\$61.9	Revenue	\$109.57	\$101.23
Net Inc.	1.1	0.7	Net Inc.	1.06	0.7
Per Share	0.4	0.27	Per Share	1.06	0.7
4th Half	1994	1994	4th Half	1994	1994
Revenue	116.4	116.4	Revenue	208.8	207.92
Net Inc.	11.7	5.28	Net Inc.	21.78	19.4
Per Share	4.5	2.08	Per Share	21.78	19.4
Novartis Int'l			SunTrust Banks		
4th Quar.	1992	1993	4th Quar.	1992	1993
Revenue	\$20.1	\$20.1	Revenue	\$19.28	\$20.56
Net Inc.	2.91	2.12	Net Inc.	2.91	2.12
Per Share	0.91	0.7	Per Share	0.91	0.7
Paragonum Comm.			Teletype		
4th Quar.	1992	1993	4th Quar.	1992	1993
Revenue	\$9.8	\$9.8	Revenue	\$32.90	\$32.90
Net Inc.	1.37	1.37	Net Inc.	1.37	1.37
Per Share	0.46	0.46	Per Share	0.46	0.46
4th Half	1994	1994	4th Half	1994	1994
Revenue	19.6	19.6	Revenue	64.92	64.92
Net Inc.	2.73	2.73	Net Inc.	2.73	2.73
Per Share	1.31	1.31	Per Share	1.31	1.31
Seagate Technology			Wachovia		
4th Quar.	1992	1993	4th Quar.	1992	1993
Revenue	\$2.37	\$2.37	Revenue	\$12.00	\$10.47
Net Inc.	0.29	0.31	Net Inc.	0.29	0.29
Per Share	0.29	0.31	Per Share	0.29	0.29
4th Half	1994	1994	4th Half	1994	1994
Revenue	4.74	4.74	Revenue	23.99	23.99
Net Inc.	0.58	0.58	Net Inc.	0.58	0.58
Per Share	0.58	0.58	Per Share	0.58	0.58

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Monday's Closing

[illegible]

SPORTS

Montana Leads Chiefs To Comeback Victory

By Bill Plaschke
Los Angeles Times Staff

HOUSTON — It was the day Joe Montana was to be broken at the hands of the Houston Oilers. But when the fighting stopped, the hands raised triumphantly into the sky were his.

The legend was supposed to end, but the legend only grew. Montana rallied the Kansas City Chiefs to 28 second-half points Sunday in defeating the Oilers, 28-20, in the American Football Conference semifinals.

Their 11-game win streak having disappeared, the Oilers sought comfort in the supernatural. "Amazing, just amazing," safety Bubba McDowell said. "It's almost like Joe Montana's got magic. Seriously. How does he do it? I mean, how does he do it?"

How, indeed? That question was left for Montana to save after he threw three touchdown passes in the final 26 minutes to bring the Chiefs to within one game of their first Super Bowl in 24 years.

"This feels as good as it ever has," he said, adding, "It feels good to be in one place, still playing, still winning."

Against Buddy Ryan's defense, what did not seriously injure Montana only made him stronger. At halftime, the Chiefs trailed, 10-0. Montana had nine completions in 20 attempts, although Willie Davis dropped a sure touchdown pass, one of several drops by the Chiefs.

Montana had ribs so sore they required two pregame painkillers shots. He had a swollen left hand. Yet, Montana:

• Threw his first touchdown pass less than five minutes into the second half — a seven-yard pass to Keith Cash — while being chased by William Fuller. It was the 10th straight playoff game in which Montana had thrown a touchdown pass, tying the National Football

League record set by the Raiders' Ken Stabler.

• Threw his second touchdown pass — an 11-yarder to J.J. Barden — with six men in his face.

• Threw the go-ahead touchdown pass with 7:44 left in the game by purposely throwing the ball behind Davis, who was blanketed by Kris Dikman. Davis leaned backward and caught the ball behind Dikman for an 18-yard score.

• Watched Marcus Allen run 21 yards for the clinching touchdown with 1:55 to go after completing a 41-yard pass play on a wobbly fly ball to Cash. Wobbly, because Montana threw it while being knocked on his back.

Said Dikman: "I haven't seen

Kansas City 8 7 21-28 Houston 18 0 10-28

How—FG Del Greco 43, 23.

How—G Brown 2 run (Del Greco kick), 13:01.

Third Quarter

KC—Cash 7 pass from Montana (Lowery kick), 4:41.

Fourth Quarter

KC—Del Greco 43, 5:23.

KC—Allen 11 pass from Montana (Lowery kick), 4:22.

KC—Davis 18 pass from Montana (Lowery kick), 7:16.

KC—Allen 7 pass from Montana (Del Greco kick), 11:18.

KC—Allen 21 run (Lowery kick), 13:08.

First downs 18 KC 19 Houston 17

Passing yards 287 143

Rushing yards 127 143

Penalties 17 28

Penalty yards 444 172

Kickoff returns 3-38 3-59

Interceptions 1-13 2-14

Completions 22-32 22-41

Sacked yards lost 3-16 9-48

Fumbles 6-5 5-0

Fumble loss 0-0 7-2

Penalties 6-40 4-26

Time of possession 34:18 33:42

RUSHING—Kansas City, Allen 14-74, Anderson 1-11, Montana 1-11, Kries 2-11, 21, Houston, Moon 2-22, Brown 1-17.

PASSING—Kansas City, Montana 22-32-296, Kries 6-6-4, Houston, Moon 22-41-204.

RECEIVING—Kansas City, Barden 4-60, Davis 5-94, Cash 4-88, Burnett 2-24, McNair 2-24, Allen 1-12, Hayes 1-9, F Jones 1-9, Houston, Jeffries 4-4, Oliver 1-43, Weinman 1-48, Dunson 4-49, G Brown 4-26.

MISSED FIELD GOALS—None.

any quarterback throw a pass like him.

How does he do it? That question must now be pondered by the Buffalo Bills, who host the Chiefs next Sunday in the AFC title game.

Montana threw for two touchdowns earlier this year when the Chiefs defeated the Bills in Kansas City, 23-7. The mangled Chiefs defense played well in that game, but nothing like they played Sunday.

Taking advantage of injuries to Oilers offensive linemen David Williams and Mike Munich, the defense held 1,002-yard runner Gary Brown to 17 yards in 11 carries. The Chiefs sacked Warren Moon nine times; Montana was sacked twice.

The Oilers are the only NFL team that has made the playoffs in each of the last seven years, but they have yet to advance as far as a conference championship game.

Montana was hurting when he started the second half, clutching a left hand that had been smashed during a blitz and wincing with every sudden turn.

Oiler linebacker Lamar Lathorn thought Montana was on the verge of leaving the game early in the fourth quarter, with the Oilers still leading, 10-7.

As Montana walked off the field during a timeout, Lathorn confronted him.

"He told me, 'We're coming after you,'" Montana recalled, smiling.

"I told him, 'Yeah, I know.'"

Montana was sacked by Lathorn on the next play, then threw an interception, and the Oilers took a 13-7 lead minutes later on a 43-yard field goal by Al Del Greco.

But then Montana led the Chiefs to two touchdowns in a period of 54 seconds, with two drives sandwiched around a lost fumble by Moon.

"Joe Montana," Ryan said, summing up the game. "He just kept getting up."



Battered, Joe Montana arose to beat the Oilers with two touchdowns in the space of 54 seconds of the fourth quarter.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct GB

New York 24 9 .727 —

Orlando 20 14 .588 1

Miami 18 16 .529 2

New Jersey 15 20 .432 3

Philadelphia 15 20 .432 4

Boston 12 23 .344 5

Washington 12 23 .344 6

Central Division

W L Pct GB

Atlanta 24 9 .727 —

Chicago 20 14 .588 1

Charlotte 18 16 .529 2

Cleveland 15 20 .432 3

Indiana 15 20 .432 4

Milwaukee 12 23 .344 5

Detroit 12 23 .344 6

WESTERN CONFERENCE

Midwest Division

W L Pct GB

Houston 24 9 .727 —

San Antonio 20 14 .588 1

Utah 18 16 .529 2

Denver 15 20 .432 3

Minnesota 15 20 .432 4

Dallas 12 23 .344 5

Pacific Division

W L Pct GB

Seattle 24 9 .727 —

Portland 20 14 .588 1

Phoenix 18 16 .529 2

Sacramento 15 20 .432 3

Golden State 15 20 .432 4

Los Angeles 12 23 .344 5

MONDAY'S RESULTS

NBA

New York 95-82 Houston

Orlando 85-72 New Jersey

Miami 85-72 Philadelphia

Boston 85-72 Washington

Atlanta 85-72 Chicago

Charlotte 85-72 Cleveland

Indiana 85-72 Milwaukee

Detroit 85-72 Houston

San Antonio 85-72 Utah

Denver 85-72 Minnesota

Dallas 85-72 Seattle

Portland 85-72 Phoenix

Sacramento 85-72 Golden State

Los Angeles 85-72

HOCKEY

NHL Standings

EASTERN CONFERENCE

Atlantic Division

W L T Pts GB

N.Y. Rangers 29 12 3 61 136

New Jersey 21 18 4 48 129

Philadelphia 21 18 4 48 129

Washington 21 18 4 48 129

Florida 21 18 4 48 129

N.Y. Islanders 21 18 4 48 129

Tampa Bay 21 18 4 48 129

Central Division

W L T Pts GB

Toronto 21 18 4 48 129

Detroit 21 18 4 48 129

Buffalo 21 18 4 48 129

St. Louis 21 18 4 48 129

Chicago 21 18 4 48 129

Western Division

W L T Pts GB

Colorado 21 18 4 48 129

Vancouver 21 18 4 48 129

Los Angeles 21 18 4 48 129

San Jose 21 18 4 48 129

Edmonton 21 18 4 48 129

SUNDAY'S RESULTS

NBA

New York 95-82 Houston

Orlando 85-72 New Jersey

Miami 85-72 Philadelphia

Boston 85-72 Washington

Atlanta 85-72 Chicago

Charlotte 85-72 Cleveland

Indiana 85-72 Milwaukee

Detroit 85-72 Houston

San Antonio 85-72 Utah

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Portland 85-72 Phoenix

Sacramento 85-72 Golden State

Los Angeles 85-72

HOCKEY

NHL Standings

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St. Louis 21 18 4 48 129

Chicago 21 18 4 48 1

ART BUCHWALD

The Bobbitt Case

WASHINGTON — After the prayers of thanks at dinner, the agenda turned to the Bobbitts. Our group was equally divided along gender lines. The women felt that Mrs. Bobbitt's actions were politically correct. The men thought that she might have found a less painful solution.

Mary Patterson declared, "Mrs. Bobbitt was sending her husband an important message and that's essential in a relationship. Unfortunately, John was watching football."

It wasn't what Mary said that bothered the men at the table. It was the way she was cutting her steak as she said it.

Chuck McDermott laughed nervously. "Mary, the beef is already dead. You don't have to slice it with such vengeance."

Sylvia Lipsitz, a marriage counselor, said that only one did she have a client threaten to do what Mrs. Bobbitt did — but the client had said it when her husband wasn't in the room. "Wives keep telling me about their sharp blades, but I never had one actually carry it out."

Ed Grabner asked, "What would you advise the women to do if you

suspect that they might act out one of their dreams?"

"I would tell them that it's not a good idea unless they want their photos plastered over every tabloid in the supermarket."

I said, "I don't know why women would take such pleasure in Mrs. Bobbitt's surgery."

Susan Gloria replied, "We don't take pleasure in it, but there seems to be some joy in making a husband cry 'uncle' if he doesn't treat a woman with respect. Mrs. Bobbitt had no intention of hurting John until he persisted in watching television instead of taking out the garbage."

Harry Gloria looked up from his plate and asked Ellen Brandburg, "Did you ever think of doing what Mrs. Bobbitt did?"

"Many times, but I could never afford those beautiful stainless steel German knives."

Rina Blake joined in the conversation. "We're all assuming that Mrs. Bobbitt's crime was premeditated. Suppose it was just an accident and she was playing mumble-ty-peg with her knife?"

"What's mumble-ty-peg?"

"It's a game that kids play."

Rick Davis said, "Why would she play it in bed?"

"She didn't realize that John was there," Rina explained. "That was the trouble with the marriage. She never knew if John was in bed or

Sandra Ross said, "We're all barking up the wrong tree. It's not a question of whether Mrs. Bobbitt was right or wrong, but rather, what have we learned from this?"

Mary Patterson was still furiously cutting her steak in tiny pieces. I said, "I think that Mary has learned something from it."

Irving Blatz spoke up. "I believe that John should be compensated as his reputation is now in ruins."

Sylvia didn't understand why. "For being held up to ridicule in public."

"But you would start a precedent," Sylvia said.

"If you compensate every man with a groin injury, our health insurance rates will go through the ceiling."

All the women nodded their heads, but the men looked at the napkins on their laps and said nothing.

The Big Question: Can Sharon Stone Act?

By Suzanna Andrews

New York Times Service

NEW YORK — The director Mark Rydell remembered being completely unimpressed when Sharon Stone asked to read for a part in his movie "Intersection."

"I never had her in mind," Rydell recalled. "I suffered the prejudices that many people suffer in relation to Sharon. They think of her without admiration because of her image and all that publicity."

In his reluctance to consider Stone, Rydell held a view shared by many since she became famous playing the sexually liberated Catherine Tramell in the 1992 movie "Basic Instinct" — that she was not particularly talented, that she couldn't go beyond doing Catherine Tramell and that she was best suited for parts involving sex and nudity.

Stone had to telephone Rydell more than a dozen times before he agreed to see her. Even when he did, he intended to test her not for the part of Sally, the chilly, abandoned wife of Vincent Eastwood (Richard Gere), but for his journalist girlfriend, who is seen in the opening scene naked and in bed.

But Sherry Lansing, the head of Paramount Pictures, which is releasing "Intersection" next week, had a different impression of Stone. "I saw her just after 'Basic Instinct,' before her celebrity became so enormous, and I was very impressed," said Lansing. "I showed her an early version of 'Intersection,' and I told her: 'Don't go for the obvious, the girlfriend. Look closely at the wife's role.'"

So when Stone went to see Gere and Rydell, she insisted on reading for the part of the wife. "I was stunned," Rydell said. "I expected a moderately talented piece of work. I didn't know the range she has. We had her read four scenes, and then we threw her a curve. We asked her to read the scene where she has to collapse, when her husband tells her he's leaving her. To see her come apart at the seams was remarkable." The reading lasted five hours, and Stone was offered the role she craved. (Lola Davidovich was cast as the girlfriend.)

At 35, Stone is one of the two top female stars in Hollywood. The other is Julia Roberts, who plays victims in need of rescue by men, most recently in "The Pelican Brief."

Stone, by contrast, is at her best portraying strong, capable women. She did so even before she played the cool Catherine Tramell — in "Total Recall" (1990) for example, and "Year of the Gun" (1991). In this light, the anomaly of her career is last year's "Sliver," in which she portrayed a lonely, vulnerable book editor.

"Sliver" was panned by critics, but it showed Stone's ability to draw audiences on the strength of her name alone, something only a handful of actors can do. The movie earned an impressive \$12 million on its opening weekend, \$36 million total domestically, and \$78 million overseas.

"Sliver" also confirmed Stone's reputation as a woman who has worked hard for her stardom. Even after the movie flopped domestically, she traveled tirelessly around the world to support its foreign boxings.

"Everyone who makes a movie should do that," said Lansing. "But Sharon is one of the few who does it. Arnold Schwarzenegger does it. Michael Douglas does it. That is what makes you an international star."

If "Basic Instinct" helped make Sharon Stone a star by giving her a persona — the evil femme fatale — these days she says she is eager to try something different. "I am sick of Catherine Tramell," she insisted by phone from Arizona, where she is making yet another movie, a western called "The Quick and the Dead."



Sharon Stone, buttoned up for "Intersection."

In "Intersection," Stone plays an efficient, though glamorous, wife who ages from 20 to 36 during the movie. In some ways the part is a risky one. She is not the star of this movie. And she keeps her clothes on — even in a brief, comic love scene with Gere.

Stone arrived in Hollywood about 15 years ago. Before that she had been earning \$500 a day as a Ford model in New York. "I always wanted to be an actress," she said. From a young age, Stone said, she felt out of place in the working-class town of Meadville, Pennsylvania, where she grew up. "I was incredibly weird, just like so incredibly weird," she said.

In Hollywood, Stone quickly fell into the role that has trapped many young blondes: In movie after movie she played the dimwitted bimbo. The actress made 16 films before "Basic Instinct." Taken together, they form a gallery of the truly forgettable — from "Bolero" to "Action Jackson" — although she did have her brief, shining moments. There was her wordless role, plastering a kiss on a train window in Woody Allen's "Stardust Memories" and her comic performance in "Irreconcilable Differences."

It took time for Stone to get her career on track. "After a certain point, I became complacent. I had a job. I worked regularly. I did three pictures a year. I traveled. I bought a house. It wasn't my dream, O.K. But then I went, 'I hate my life. I hate it!'"

By 1986, Stone had acquired a new manager, Chuck Binder. Together they decided to focus on getting her in films with name directors, films from major studios. But she still had trouble landing roles she wanted. When she was turned down for a part by a director who told her she wasn't sexy, Stone decided it was time to take action.

In May 1990, in a clipping that is no longer in her press package, Stone posed bare-breasted and sucking an ice cube on the cover of Playboy. "It's rare you get a working actress, who is making a living, who will do that," said Binder. "They don't want to. But Sharon wanted a way to set herself apart."

She cut her hair to win the part that first won her notice — Arnold Schwarzenegger's kick-boxing wife in "Total Recall." The director, Paul Verhoeven, went on to direct "Basic Instinct," but Stone was not his first choice to play Tramell. Stone persisted as star after star — including Debra Winger and Geena Davis — turned him down, the director said, because of the film's violence and nudity.

Stone's famous "flash scene" in the movie — in which she was filmed explicitly without her underwear — made her one of Hollywood's most talked-about celebrities. By claiming that she had been tricked into the shot by Verhoeven, Stone garnered more publicity. Today she says the scene was her idea.

Revisionism and criticism are standard operating procedures for her. When she posed topless for Vanity Fair last year, and the magazine used the Annie Leibovitz photo on its cover, Stone claimed she had been tricked by the photographer. (A spokeswoman for Vanity Fair, said of that statement: "Isn't that the same thing she said about the interrogation scene in 'Basic Instinct'?")

If Sharon Stone has undressed herself to gain recognition as an actress, she now wants to be treated like Grace Kelly. "I did Playboy because I thought I could create some heat for myself and it worked," she said. "But I don't have to do that anymore. I don't have to be in Vanity Fair. Just because I got famous for 'Basic Instinct' doesn't mean it's the only trick in my bag."

PEOPLE

Paul, George, Ringo: Making New Music?

For the first time since the Beatles called it quits in 1970, the group's three surviving members have a date to record, according to The New Yorker. Paul McCartney, George Harrison and Ringo Starr will begin recording new music — not remakes of old tunes — in February to accompany a forthcoming video biography of the group, two sources at EMI Records told Mark Hentgens, who wrote the story. The group, minus John Lennon, who was killed in 1980, plan to work with the Beatles' longtime producer, George Martin. One of the sources was quoted as saying, "It is supposed to be ultra secret, so no surprise that EMI would not confirm or deny the report."

"Germinal," the lavish Claude Berri film of Emile Zola's classic about a mining town in 19th-century France, led the nominations for France's César awards with 12. The awards ceremony will be Feb. 26.

A prominent French food writer was ordered to pay damages to a seafood store he panned in a recent book. Jean-Pierre Coffe and the publisher, Balland, were ordered to pay 50,000 francs (\$8,400) to La Mouette in Rennes for assailing the freshness of the shop's fish. La Mouette had sought 500,000 francs.

The Canadian rocker Bryan Adams, who has a reputation for putting on powerful live shows, said he was intimidated by being the first internationally known performer in Vietnam since the war and so "held back," afraid that if he really let it rip, things might get out of hand. "I didn't want it to get too wild," he said. "Next time, man." The performance drew 2,500 people, about half of whom were Westerners.

Queen Elizabeth II fractured her wrist in a riding accident over the weekend. Buckingham Palace said, "It is not a serious break. It is just an inconvenient thing," but her lower arm will be in a cast for several weeks.

INTERNATIONAL CLASSIFIED

Appears on Pages 4 & 8

Paris Names Street For Hemingway

Reuters

PARIS — Paris has named a street after Ernest Hemingway, belatedly honoring the American writer who wrote his first novels in the French capital 70 years ago.

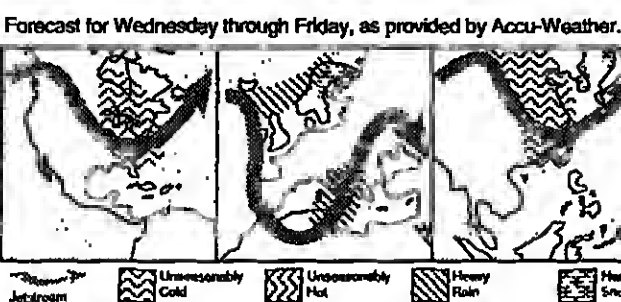
A spokeswoman for the city's 15th arrondissement said Monday that local councilors had voted to give the name Rue Ernest Hemingway to a street in an area being renovated along the Seine River.

Hemingway lived in the lively Montparnasse area in the 1920s. It was in that period, which is later described in "A Moveable Feast," that he wrote his first best-seller, "The Sun Also Rises."

WEATHER

Forecast for Wednesday through Friday, as provided by Accu-Weather.

Europe	Today	High	Low	Tomorrow	High	Low	W
Algeria	11/62	4/38	12/55	6/43	5		
Austria	4/29	2/26	7/44	3/27	5		
Azores	7/64	1/31	6/74	1/31	sh		
Bahia	17/62	8/46	18/81	3/48	pe		
Barcelona	9/48	1/27	12/53	2/25	5		
Bombay	27/79	23/69	30/89	2/27	sh		
Buenos Aires	6/20	4/23	9/27	2/23	sh		
Calcutta	27/79	23/69	30/89	2/27	sh		
Cairo	15/54	1/24	6/41	5/32	sh		
Chennai	15/54	1/24	6/41	5/32	sh		
Columbus	15/54	1/24	6/41	5/32	sh		
Dallas	15/54	1/24	6/41	5/32	sh		
Delhi	15/54	1/24	6/41	5/32	sh		
Denver	15/54	1/24	6/41	5/32	sh		
Hong Kong	15/54	1/24	6/41	5/32	sh		
London	15/54	1/24	6/41	5/32	sh		
Los Angeles	15/54	1/24	6/41	5/32	sh		
Madras	15/54	1/24	6/41	5/32	sh		
Manila	15/54	1/24	6/41	5/32	sh		
Mumbai	15/54	1/24	6/41	5/32	sh		
Nairobi	15/54	1/24	6/41	5/32	sh		
San Francisco	15/54	1/24	6/41	5/32	sh		
Singapore	15/54	1/24	6/41	5/32	sh		
Taipei	15/54	1/24	6/41	5/32	sh		
Tokyo	15/54	1/24	6/41	5/32	sh		
Yokohama	15/54	1/24	6/41	5/32	sh		



North America
Fiercely cold Wednesday from Washington and Philadelphia northward through Boston. The intense cold in the East will moderate later this week. Temperatures in the Midwest will return to normal late this week while temperatures in the northern Plains will surge above normal.

Europe	Today	High	Low	Tomorrow	High	Low	W
Algeria	11/62	4/38	12/55	6/43	5		
Austria	4/29	2/26	7/44	3/27	5		
Azores	7/64	1/31	6/74	1/31	sh		
Bahia	17/62	8/46	18/81	3/48	pe		
Barcelona	9/48	1/27	12/53	2/25	5		
Bombay	27/79	23/69	30/89	2/27	sh		
Calcutta	27/79	23/69	30/89	2/27	sh		
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Chennai	15/54	1/24	6/41	5/32	sh		
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Delhi	15/54	1/24	6/41	5/32	sh		
Denver	15/54	1/24	6/41	5/32	sh		
Hong Kong	15/54	1/24	6/41	5/32	sh		
London	15/54	1/24	6/41	5/32	sh		
Los Angeles	15/54	1/24	6/41	5/32	sh		
Madras	15/54	1/24	6/41	5/32	sh		
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Singapore	15/54	1/24	6/41	5/32	sh		
Taipei	15/54	1/24	6/41	5/32	sh		
Tokyo	15/54	1/24	6/41	5/32	sh		
Yokohama	15/54	1/24	6/41	5/32	sh		

Asia

Asia	Today	High	Low	Tomorrow	High	Low	W
Bangkok	34/93	23/73	35/91	2/27	pe		
Bombay	27/79	23/69	30/89	2/27	sh		
Calcutta	27/79	23/69	30/89	2/27	sh		
Cairo	15/54	1/24	6/41	5/32	sh		
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Tokyo	15/54	1/24	6/41	5/32	sh		
Yokohama	15/54	1/24	6/41	5/32	sh		

Asia
Bitterly cold weather will move through northern China this week, including the Beijing area. Further south, it will not be cold as harsh, but Hong Kong through Taipei and Shanghai will have the coldest weather thus far this winter late this week. Manila and Bangkok will be sunny and warm.

Asia	Today	High	Low	Tomorrow	High	Low	W
Bangkok	34/93	23/73	35/91	2/27	pe		
Bombay	27/79	23/69	30/89	2/27	sh		
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